

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

FORM 10-K

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

For the Fiscal Year Ended June 30, 2015
Commission File Number: 001-36347



A-MARK PRECIOUS METALS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

11-2464169
(IRS Employer I.D. No.)

429 Santa Monica Blvd.
Suite 230
Santa Monica, CA 90401
(Address of principal executive offices)(Zip Code)
(310) 587-1477
(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class
Common Stock, \$0.01 par value

Name of each exchange on which registered
NASDAQ Global Select Market

Securities registered under Section 12 (g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

Aggregate market value of registrant's common stock held by non-affiliates of the registrant on December 31, 2014, based upon the closing price of Common Stock on such date as reported by NASDAQ Global Select Market, was approximately \$44,109,134. Shares of common stock known to be owned by directors and executive officers of the Registrant subject to Section 16 of the Securities Exchange Act of 1934 are not included in the computation. No determination has been made that such persons are "affiliates" within the meaning of Rule 12b-2 under the Exchange Act.

As of September 22, 2015, the registrant had 6,973,549 shares of common stock outstanding, par value \$0.01 per share.

A-MARK PRECIOUS METALS, INC.

ANNUAL REPORT ON FORM 10-K
For the Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
Item 1. <u>Description of Business</u>	<u>3</u>
Item 1A. <u>Risk Factors</u>	<u>7</u>
Item 1B. <u>Unresolved Staff Comments</u>	<u>14</u>
Item 2. <u>Properties</u>	<u>14</u>
Item 3. <u>Legal Proceedings</u>	<u>15</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>15</u>
<u>PART II</u>	
Item 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>15</u>
Item 6. <u>Selected Financial Data</u>	<u>16</u>
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>16</u>
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>30</u>
Item 8. <u>Consolidated Financial Statements and Supplementary Data</u>	<u>30</u>
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>74</u>
Item 9A. <u>Controls and Procedures</u>	<u>75</u>
Item 9B. <u>Other Information</u>	<u>75</u>
<u>PART III</u>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	<u>76</u>
Item 11. <u>Executive Compensation</u>	<u>81</u>
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>86</u>
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>88</u>
Item 14. <u>Principal Accountant Fees and Services</u>	<u>92</u>
<u>PART IV</u>	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	<u>93</u>
<u>Signatures</u>	<u>94</u>
<u>Exhibit Index</u>	<u>95</u>

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

A-Mark, also referred to (together with its subsidiaries) as "we", "us" and the "Company", is a full-service precious metals trading company. It is a wholesaler of gold, silver, platinum and palladium bullion and related products, including bars, wafers, grain and coins. A-Mark also-

- distributes gold and silver coins and bars from sovereign and private mints;
- provides financing for the purchase of bullion and numismatics;
- offers secure storage for bullion; and
- offers complementary products such as consignment, customized finance and liquidity programs such as Repo accounts, and trade quotes in a variety of foreign currencies.

A-Mark believes it has one of the largest customer bases in each of its markets and provides one of the most comprehensive offerings of products and services in the precious metals trading industry. Our customers include mints, manufacturers and fabricators, refiners, coin and bullion dealers, e-commerce retailers, banks and other financial institutions, commodity brokerage houses, industrial users of precious metals, investors and collectors. We serve customers on six continents, with over 10% of our customers being outside the United States.

A-Mark believes its businesses largely function independently of the price movement of the underlying commodities. However, factors such as global economic activity or uncertainty and inflationary trends, which affect market volatility, have the potential to impact customer demand, volumes and margins.

We conduct our operations within one business segment.

History/Spinoff from SGI

A-Mark was founded in 1965 as a small numismatics firm, which subsequently grew to include wholesale bullion trading and precious metals financing. Spectrum Group International, Inc. (SGI), then known as Greg Manning Auctions, Inc., acquired an 80% interest in A-Mark in 2005. The remaining 20% of A-Mark was acquired by Afinsa Bienes Tangibles, S.A. (Afinsa), at the time SGI's controlling shareholder. In 2012, SGI acquired from Afinsa its interest in A-Mark, as a result of which A-Mark became a wholly-owned subsidiary of SGI.

In March 2014, SGI distributed all of the shares of common stock of A-Mark to its stockholders, effecting a spinoff of A-Mark from SGI. As a result of this distribution, which we refer to as the spinoff, the Company is now a publicly traded company independent from SGI.

Over the years, A-Mark has been steadily expanding its products and services. In 1986, A-Mark became an authorized purchaser of gold and silver coins struck by the United States Mint. Similar arrangements with other sovereign mints followed, so that by the early 1990s, A-Mark had distribution relationships with all major sovereign mints offering bullion coins and bars internationally. In 2005, A-Mark launched its Collateral Finance Corporation (CFC) subsidiary for the purpose of making secured wholesale and retail loans collateralized by rare and semi-numismatic coins and bullion.

A-Mark opened an overseas office in Vienna, Austria in 2009, for the purpose of marketing its goods and services in the European markets, and the office commenced full trading activity in 2012. This resulted in the expansion of A-Mark's trading hours from 12 to 17 hours a day, 5 days a week. Also in 2012, A-Mark formed Transcontinental Depository Services, LLC (TDS), a subsidiary that provides customers with a turnkey global storage solutions for their precious metals and precious metal products.

In late 2014, the Company formed a wholly-owned subsidiary, A-M Global Logistics, LLC ("Logistics"), for the purpose of developing a new logistics fulfillment center based in Las Vegas, Nevada. The facility commenced operations in July 2015.

Business Strategy

Through strategic relationships with its customers and suppliers and vertical integration across its markets, A-Mark seeks to grow its business volume, expand its presence in non-U.S. markets around the globe, with a principal focus on Europe and Asia, and enlarge its offering of complementary products and services. A-Mark seeks to continue its expansion by building on its strengths and what it perceives to be its competitive advantages. These include-

- vertically integrated operations that span trading, distribution, storage, financing and other consignment products and services;
- an extensive and varied customer base that includes banks and other financial institutions, coin dealers, jewelers, collectors, private investors, investment advisors, manufacturers, refiners, sovereign mints and mines;
- secure storage for bullion;
- access to primary market makers, suppliers, refiners and government mints that provide a dependable supply of precious metals and precious metal products;
- trading offices in Santa Monica, California and Vienna, Austria, giving our customers live access to our trading desk 17 hours each trading day, even when many major world commodity markets are closed;
- the largest precious metals dealer network in North America;
- depository relationships in major financial centers around the world;
- experienced traders who effectively manage A-Mark's exposure to commodity price risk; and
- a strong management team, with over 100 years of collective industry experience.

Business Units

A-Mark operates through several business units comprising a single segment for accounting purposes, including Industrial, Coin and Bar, Trading, Finance, CFC, TDS and Logistics.

Industrial. Our Industrial unit sells gold, silver, platinum and palladium to industrial and commercial users. Customers include coin fabricators such as mints, industrial manufacturers and fabricators, including electronics, and component parts companies, jewelry manufacturers and refiners. Depending on the intended usage, the metals are either investment or industrial grade and are generally in bar, wafer, plate, or grain.

Currently, orders are taken primarily telephonically, but A-Mark has recently implemented an electronic trading platform for all buyers and sellers of precious metals. Pricing is generally based on screen quotes for bullion transactions in the spot market, with two-day settlement, although special pricing and extended settlement terms are also available. For example, a customer can leave an order with A-Mark to purchase at a specified price below the current market price or an order to sell at a specified price above the current market price.

Almost all customers take physical delivery of the precious metal. Product is shipped upon receipt of payment, except where the purchase is financed under credit arrangements between A-Mark and the customer. We have relationships with precious metal depositories around the world to facilitate shipment of product from our inventory to our customers, in many cases for next day delivery. Product may either be drop shipped to the customer's location or delivered to a depository or other storage facility designated by the customer.

The Company periodically loans metals to customers on a short-term consignment basis, charging interest fees based on the value of the metals loaned. Such metal inventories are removed at the time the customers elect to price and purchase the metals, and the Company records a corresponding sale and receivable.

Coin & Bar. Our Coin & Bar unit deals in over 200 different products, including gold and silver coins from around the world and gold, silver, platinum and palladium bars and ingots in a variety of weights, shapes and sizes. We currently market a limited number of such products with our proprietary "A-Mark" rounds and bars. Our customers are primarily coin and bullion dealers, although we also deal directly with banks and other financial institutions, commodity brokerage house, manufacturers, investors, investment advisors, and collectors who qualify as "eligible commercial entities" and "eligible contract participants," as those terms are defined in the Commodity Exchange Act. Our customers range in size from large financial institutions to small local dealers.

We are an authorized distributor (and, in the case of the United States Mint, an authorized purchaser) of gold and silver coins for all of the major sovereign mints and various private mints. The sovereign mints include the United States Mint, the Australian (Perth) Mint, the Austrian Mint, the Royal Canadian Mint, the China Mint, Banco de Mexico, the South African Mint

(Rand Refinery) and the Royal Mint (United Kingdom). We purchase and take delivery of coins from the mints for resale to coin dealers and other qualified purchasers.

Our distribution and purchase agreements with the mints are non-exclusive, and may be terminated by the mints at any time, although in practice our relationship with the mints are long-standing, in some cases, as with the U.S. Mint, extending back for over 20 years. In some cases, we have developed exclusive products with sovereign and private mints for distribution through our dealer network.

Trading and Finance. Our Trading and Finance units engage in commodity hedging and borrowing and lending transactions in support of our Industrial and Coin & Bar operations.

The Trading unit hedges the commodity risk on A-Mark's inventory in order to protect A-Mark from price fluctuations in situations where settlement of a transaction is delayed or deferred. A-Mark maintains relationships with major market-makers and multiple futures brokers in order to provide a variety of alternatives for its hedging needs. Our traders employ a combination of future and spot transactions to hedge transactional exposure, and a combination of future, and forward contracts to hedge inventory exposure. Because it seeks to substantially hedge its market exposure, A-Mark believes that its business largely functions independently of the price movements in the underlying commodity. Through its hedging activities, A-Mark may also earn contango yields, in which futures price are higher than the spot prices, or backwardation yields, in which futures prices are lower than the spot prices. A-Mark also offers precious metals price quotes in a number of foreign currencies.

Our Finance unit engages in precious metals borrowing and lending transactions and other customized financial transactions with or on behalf of our customers and other counterparties. These arrangements range from simple hedging structures to complex inventory finance arrangements and forward purchase and sale structures, tailored to the needs of our customers.

CFC. Our Collateral Finance Corporation (CFC) subsidiary is a California licensed finance lender that makes and acquires commercial loans secured by numismatic and semi-numismatic coins and bullion. CFC's customers include coin and precious metal dealers, investors and collectors. CFC is complementary to our bullion and coin businesses, and affords customers a convenient means of financing their inventory or collections. CFC takes physical delivery of the coins or bullion collateralizing the loans, and requires loan-to-value ratios of between 50% and 80%. The loan-to-value ratio refers to the principal amount of the loan divided by the liquidation value of the collateral, as conservatively estimated by CFC. Secured loans include a combination of on-demand and short term (i.e., with terms of between three and twelve months) facilities, and bear interest at fixed rates prevailing at the time the loan is made. Other terms of the loan may be customized in accordance with the particular needs and circumstances of the borrower.

TDS. Our Transcontinental Depository Services (TDS) subsidiary provides storage solutions for precious metals and numismatic coins for financial institutions, dealers, investors and collectors worldwide. TDS contracts on behalf of our clients with independent storage facilities in the United States, Canada, Europe, Singapore and Hong Kong, for either fully segregated or allocated storage. We assist our clients in developing appropriate storage options for their particular requirements, and we manage the operational aspects of the storage with the third party facilities on our clients' behalf.

Logistics. Our A-Mark Global Logistics (Logistics) subsidiary commenced operations in July 2015. Located in Las Vegas, Logistics provides our customers an array of complementary services, including storage, shipping, handling, receiving, processing, and inventorying of precious metals and custom coins on a secure basis.

To support our wholesale trading business, Logistics will ultimately provide a significant amount of the secured storage, shipping and delivery services that have historically been outsourced to third-party depositories in various locations. We intend to consolidate a substantial portion of those locations into the Las Vegas facility by summer 2016. By consolidating those operations into one central location under our control, we will reduce dependence on third-party service providers while, we believe, enhancing quality control and reducing operating costs.

Logistics also provides turn-key logistics services to our customers engaged in the retail business. Through our facility, we provide these customers one-stop financing, hedging, inventory handling, storage, and seamless drop-shipping directly to their own retail customers.

Market Making Activity

We act as a principal market maker, maintaining a two-way market for buying and selling precious metals. This means we both sell product to and purchase product from our customers.

Inventory

We maintain a substantial inventory of bullion and coins in order to provide our customers with selection and prompt delivery. We acquire product for our inventory in the course of our trading activities with our customers, directly from mines and refiners and from commodities brokers and dealers, privately and in transactions on established commodity exchanges. Except

for certain lower of cost or market products, our inventory is “marked to market” daily for accounting and financial compliance purposes.

Sales and Marketing

We market our products and services primarily through our offices in Santa Monica, California and Vienna, Austria, our website and our dealer network, which we believe is the largest of its kind in North America. The dealer network consists of over 1,000 independent precious metal and coin companies, with whom we transact on a non-exclusive basis. The arrangements with the dealers vary, but generally the dealers acquire product from us for resale to their customers. In some instances, we deliver bullion to the dealers on a consignment basis. We also participate from time to time in trade shows and conventions, at which we promote our products and services.

As a vertically integrated precious metals concern, a key element of our marketing strategy is being able to cross-sell our products and services to customers of our different business units.

Operational Support

A-Mark maintains back office support at its offices in Santa Monica, California for processing and documenting its trading and sales activity and arranging for physical delivery and storage of product. We believe that our existing back office capacity will allow us to scale up our business activities without any appreciable increase in investment for operational support. We store our inventories of bullion with third party depositories in major financial centers around the world.

Using a third party software developer, we have created a proprietary trading program, referred to as the Metals Trading System or MTS. Through MTS we are able to input, process, track and document our trading activity, including complex hedging and similar transactions.

We have developed and implemented an electronic trading platform for receiving and processing customer orders, with the objective of improving transactional ease and efficiency for both us and our customers.

Supplier and Customer Concentrations

A-Mark buys a majority of its precious metals from a limited number of suppliers. The Company believes that numerous other suppliers are available and would provide similar products on comparable terms.

For the years ended June 30, 2015 and 2014, the Company had one customer, HSBC Bank USA, comprising more than 10% of our revenues (see [Note 15](#).)

Trading Competition

A-Mark's activities cover a broad spectrum of the precious metals industry, with a concentration on the physical market. We service public, industrial and private sector consumers of precious metals which include jewelry manufacturers, industrial consumers, refiners, minting facilities, banks, brokerage houses and private investors. We face different competitors in each area and it is not uncommon for a customer and/or a supplier in one market segment to be a competitor in another. Our competitors may offer more favorable pricing or services considered to be superior to ours.

Trading Seasonality

While our precious metals trading business is not seasonal, we believe it is directly impacted by the perception of market trends and global economic activity. Historically, anticipation of increases in the rate of inflation, as well as anticipated devaluation of the U.S. dollar, has resulted in higher levels of interest in precious metals as well as higher prices for such metals.

Employees

As of June 30, 2015, we had 52 employees, with 48 located in North America, and 4 in Europe; all of these employees were considered full-time employees. We added 61 employees (60 full-time; 1 part-time) with the opening of our Logistics operation in the first quarter of fiscal 2016.

We regard our relations with our employees as good.

Corporate Information

A-Mark was founded in 1965 as a New York corporation. In December 2013, the Company was reincorporated in Delaware. Our executive offices are located at 429 Santa Monica Blvd. Suite 230, Santa Monica, CA 90401. Our telephone number is (310) 587-1477, and our website is www.amark.com. Through this website, we make available, free of charge, all of our filings with the Securities and Exchange Commission (SEC), including those under the Exchange Act of 1934, as amended (Exchange Act). Such reports are made available on the same day that they are electronically filed with, or furnished to, the SEC. In addition, copies of our Code of Business Conduct and Ethics for Employees, Code of Business Conduct and Ethics for Senior Financial and Other

Officers, and Code of Business Conduct and Ethics for Directors are available through this website, along with other information regarding our corporate governance policies.

Geographic Information

See [Note 16](#) in the accompanying consolidated financial statements for information about Company's geographic operations.

ITEM 1A. RISK FACTORS

Risks Relating to Our Business Generally

Our business is heavily dependent on our credit facility.

Our business depends substantially on our ability to obtain financing for our operations. A-Mark's borrowing facility, which we refer to as the Trading Credit Facility, provides A-Mark and CFC with the liquidity to buy and sell billions of dollars of precious metals annually. The Trading Credit Facility is a demand facility with a variable interest rate in which five lending institutions currently participate. A-Mark routinely uses the Trading Credit Facility to purchase metals from its suppliers and for operating cash flow purposes. Our CFC subsidiary also uses the facility to finance its lending activities.

An institutional participant in the Trading Credit facility can withdraw at any time on written notice to the Company. The loss of one or more of the lines under the Trading Credit Facility, and the failure of A-Mark to replace those lines, would reduce the financing available to the Company and could limit our ability to conduct our business, including the lending activity of our CFC subsidiary. There can be no assurance that we could procure replacement financing if all or part of the Trading Credit Facility were terminated, on commercially acceptable terms and on a timely basis, or at all.

Because the Trading Credit Facility is a demand facility, the lenders may require us to repay the indebtedness outstanding under the facility at any time. They may require repayment of the indebtedness even if we are in compliance with the financial and other covenants under the Trading Credit Facility. If the lenders were to demand repayment, we may not at the time have the financial resources to comply.

Because interest under the Trading Credit Facility is variable, we are subject to fluctuations in interest rates and we may not be able to pass along to our customers and borrowers some or any part of an increase in the interest that we are required to pay under the facility. Amounts under the Trading Credit Facility bear interest based on one month LIBOR plus a margin and vary by financial institution. The LIBOR rate was approximately 0.19% and 0.15% as of June 30, 2015 and June 30, 2014, respectively.

A change in the rates of interest charged by the lenders could adversely impact our profitability in a number of ways.

- The prices that we charge our trading customers include an interest carrying factor that reflects our cost of funds. The trading business is highly price competitive, and characterized by narrow margins. If our cost of funds increases and we cannot pass on the increase to our customers, our gross profit will decrease.
- We borrow to finance, in part, our inventory of precious metals and coins. If our interest costs increase, we would either have to absorb the increased costs, cutting into our margins, or reduce our inventory levels, which could adversely impact our ability to service our customers.
- In certain cases, our ability to offer customers financing for their purchases of precious metals and coins at competitive rates is an important factor the customers' decision to transact with us. The financing we provide to our customers is funded, in part, through the borrowings under our credit facility. If our borrowing costs increase, and our customers are unwilling to finance their purchases at the higher rates, we would lose sales.

We could suffer losses with our financing operations.

We engage in a variety of financing activities with our customers:

- Receivables from our customers with whom we trade in precious metal products are effectively short-term, non-interest bearing extensions of credit that are, in most cases, secured by the related products maintained in the Company's possession or by a letter of credit issued on behalf of the customer. On average, these receivables are outstanding for periods of between 8 and 9 days.
- The Company operates a financing business through CFC that makes secured loans at loan to value ratios—principal loan amount divided by the "liquidation value", as conservatively estimated by management, of the collateral—of, in most cases, 50% to 80%. These loans are both variable and fixed interest rate loans, with maturities from six to twelve months.

- We make advances to our customers on unrefined metals secured by materials received from the customer. These advances are limited to a portion of the materials received.
- The Company makes unsecured, short-term, non-interest bearing advances to wholesale metals dealers and government mints.
- The Company periodically extends short-term credit through the issuance of notes receivable to approved customers at interest rates determined on a customer-by-customer basis.

Our ability to minimize losses on the credit that we extend to our customers depends on a variety of factors, including:

- our loan underwriting and other credit policies and controls designed to assure repayment, which may prove inadequate to prevent losses;
- our ability to sell collateral upon customer defaults for amounts sufficient to offset credit losses, which can be affected by a number of factors outside of our control, including (i) changes in economic conditions, (ii) increases in market rates of interest and (iii) changes in the condition or value of the collateral; and
- the reserves we establish for loan losses, which may prove inadequate.

Our business is dependent on a concentrated customer base.

One of A-Mark's key assets is its customer base. This customer base provides deep distribution of product and makes A-Mark a desirable trading partner for precious metals product manufacturers, including sovereign mints seeking to distribute precious metals coinage or large refiners seeking to sell large volumes of physical precious metals. A single customer represented 30.9% and 25.9% of A-Mark's revenues for the years ended June 30, 2015 and 2014, respectively. If our relationship with this customer deteriorated, or if we were to lose this customer, our business would be materially adversely affected.

The loss of a government purchaser/distributorship arrangement could materially adversely affect our business.

A-Mark's business is heavily dependent on its purchaser/distributorship arrangements with various governmental mints. Our ability to offer numismatic coins and bars to our customers on a competitive basis is based on the ability to purchase products directly from a government source. The arrangements with the governmental mints may be discontinued by them at any time. The loss of an authorized purchaser/distributor relationship, including with the U.S. Mint could have a materially adverse effect on our business.

The materials held by A-Mark are subject to loss, damage, theft or restriction on access.

A-Mark has significant quantities of high-value precious metals on site, at third-party depositories and in transit. There is a risk that part or all of the gold and other precious metals held by A-Mark, whether on its own behalf or on behalf of its customers, could be lost, damaged or stolen. In addition, access to A-Mark's precious metals could be restricted by natural events (such as an earthquake) or human actions (such as a terrorist attack). Although we maintain insurance on terms and conditions that we consider appropriate, we may not have adequate sources of recovery if our precious metals inventory is lost, damaged, stolen or destroyed, and recovery may be limited. Among other things, our insurance policies exclude coverage in the event of loss as a result of terrorist attacks or civil unrest.

In addition, with the establishment of our Logistics facility and the transfer of our wholesale storage operations from third party depositories to that facility, we are assuming greater potential liability for any loss suffered in connection with the stored inventory. Among other things, our insurance, rather than the third-party depository's, is now the primary risk policy. While we believe we have adequate insurance coverage covering these operations, in the event of any loss in excess of our coverage, we may be held liable for that excess.

Our business is subject to the risk of fraud and counterfeiting.

The precious metals (particularly bullion) business is exposed to the risk of loss as a result of "materials fraud" in its various forms. We seek to minimize our exposure to this type of fraud through a number of means, including third-party authentication and verification, reliance on our internal experts and the establishment of procedures designed to detect fraud. However, there can be no assurance that we will be successful in preventing or identifying this type of fraud, or in obtaining redress in the event such fraud is detected.

Our business is influenced by political conditions and world events.

The precious metals business is especially subject to global political conditions and world events. Precious metals are viewed by some as a secure financial investment in times of political upheaval or unrest, particularly in developing economies, which may drive up pricing. The volatility of the commodity prices for precious metals is also likely to increase in politically uncertain times. Conversely, during periods of relative international calm precious metal volatility is likely to decrease, along with demand, and the prices of precious metals may retreat. Because our business is dependent on the volatility and pricing of precious metals, we are likely to be influenced by world events more than businesses in other economic sectors.

We have significant operations outside the United States.

We derive over 10% of our revenues from business outside the United States, including from customers in developing countries. Business operations outside the U.S. are subject to political, economic and other risks inherent in operating in foreign countries. These include risks of general applicability, such as the need to comply with multiple regulatory regimes; trade protection measures and import or export licensing requirements; and fluctuations in equity, revenues and profits due to changes in foreign currency exchange rates. Currently, we do not conduct substantial business with customers in developing countries. However, if our business in these areas of the world were to increase, we would also face risks that are particular to developing countries, including the difficulty of enforcing agreements, collecting receivables; protecting inventory and other assets through foreign legal systems; limitations on the repatriation of earnings; currency devaluation and manipulation of exchange rates; and high levels of inflation.

We try to manage these risks by monitoring current and anticipated political, economic, legal and regulatory developments in the countries outside the United States in which we operate or have customers and adjusting operations as appropriate, but there can be no assurance that the measures we adopt will be successful in protecting the Company's business interests.

We are dependent on our key management personnel and our trading experts.

Our performance is dependent on our senior management and certain other key employees. We have employment agreements with Greg Roberts, our CEO; Thor Gjerdrum, our COO; and our senior vice president. These employment agreements all expire at the end of fiscal 2016. These and other employees have expertise in the trading markets, have industry-wide reputations, and perform critical functions for our business. We cannot offer assurance that we will be able to negotiate acceptable terms for the renewal of the employment agreements or otherwise retain our key employees. Also, there is significant competition for skilled precious metals traders and other industry professionals. The loss of our current key officers and employees, without the ability to replace them, would materially and adversely affect our business.

We are focused on growing our business, but there is no assurance that we will be successful.

We expect to grow both organically and through opportunistic acquisitions. We have devoted considerable time, resources and efforts over the past few years to our growth strategy. We may not be successful in implementing our growth initiatives, which could adversely affect our business.

With the establishment of our Logistics facility, we are undertaking direct responsibility for comprehensive inventory and depository services to support our wholesale operations beyond that which we have provided in the past. We may not have the expertise to perform such services successfully. In addition, we have no prior experience offering the type of turn-key logistics services to our retail customers that Logistics intends to provide. The efforts to establish and operate Logistics have placed, and are expected to continue to place, demands on our management and other personnel and resources, and have required, and will continue to require, timely and continued investment in facilities, personnel and financial and management systems and controls. If we are not successful with our Logistics operations, our operations as a whole could be adversely affected.

Our bank group has approved our Logistics facility as an authorized depository. If that approval were to be withdrawn for any reason, we would no longer be able to keep inventory at that location, which would substantially limit our ability to conduct business from that facility.

Liquidity constraints may limit our ability to grow our business.

To accomplish our growth strategy, we will require adequate sources of liquidity to fund both our existing business and our expansion activity. Currently, our sources of liquidity are the cash that we generate from operations and our borrowing availability under the Trading Credit Facility. There can be no assurance that these sources will be adequate to support the growth that we are hoping to achieve or that additional sources of financing for this purpose, in the form of additional debt or equity financing, will be available to us, on satisfactory terms or at all. Also, the Trading Credit Facility contains, and any future debt financing is likely to contain, various financial and other restrictive covenants. The need to comply with these covenants may limit our ability to implement our growth initiatives.

We expect to grow in part through acquisitions, but an acquisition strategy entails risks.

We expect to grow in part through acquisitions. We will consider potential acquisitions of varying sizes and may, on a selective basis, pursue acquisitions or consolidation opportunities involving other public companies or privately held companies. However, it is possible that we will not realize the expected benefits from our acquisitions or that our existing operations will be adversely affected as a result of acquisitions. Acquisitions entails certain risks, including: unrecorded liabilities of acquired companies that we fail to discover during our due diligence investigations; difficulty in assimilating the operations and personnel of the acquired company within our existing operations or in maintaining uniform standards; loss of key employees of the acquired company; and strains on management and other personnel time and resources both to research and integrate acquisitions.

We expect to pay for future acquisitions using cash, capital stock, notes and/or assumption of indebtedness. To the extent that our existing sources of cash are not sufficient to fund future acquisitions, we will require additional debt or equity financing and, consequently, our indebtedness may increase or shareholders may be diluted as we implement our growth strategy.

We are subject to government regulations, and the cost of compliance could increase.

There are various federal, state, local and foreign laws, ordinances and regulations that affect our trading business. For example, we are required to comply with a variety of anti-money laundering and know-your customer rules in response to the USA Patriot Act.

The SEC has promulgated final rules mandated by the Dodd-Frank Act regarding disclosure, on an annual basis, of the use of tin, tantalum, tungsten and gold, known as conflict minerals, in products manufactured by public companies. These new rules require due diligence to determine whether such minerals originated from the Democratic Republic of Congo (the DRC) or an adjoining country and whether such minerals helped finance the armed conflict in the DRC.

The Company has concluded that it is not currently subject to the conflict minerals rules because it is not a manufacturer of conflict minerals under the definitions set forth in the rules. Depending on developments in the Company's business, it could become subject to the rules at some point in the future. In that event, there will be costs associated with complying with these disclosure requirements, including costs to determine the origin of gold used in our products. In addition, the implementation of these rules could adversely affect the sourcing, supply and pricing of gold used in our products. Also, we may face disqualification as a supplier for customers and reputational challenges if the due diligence procedures we implement do not enable us to verify the origins for the gold used in our products or to determine that the gold is conflict free.

CFC operates under a California Finance Lenders License issued by the California Department of Corporations. CFC is required to submit a finance lender law annual report to the state which summarizes certain loan portfolio and financial information regarding CFC. The Department of Corporations may audit the books and records of CFC to determine whether CFC is in compliance with the terms of its lending license.

There can be no assurance that the regulation of our trading and lending businesses will not increase or that compliance with the applicable regulations will not become more costly or require us to modify our business practices.

We operate in a highly competitive industry.

The business of buying and selling precious metals is global and highly competitive. The Company competes with precious metals trading firms and banks throughout North America, Europe and elsewhere in the world, some of whom have greater financial and other resources, and greater name recognition, than the Company. We believe that, as a full service firm devoted exclusively to precious metals trading, we offer pricing, product availability, execution, financing alternatives and storage options that are attractive to our customers and allow us to compete effectively. We also believe that our purchaser/distributorship arrangements with various governmental mints give us a competitive advantage in our coin distribution business. However, given the global reach of the precious metals trading business, the absence of intellectual property protections and the availability of numerous, evolving platforms for trading in precious metals, we cannot assure you that A-Mark will be able to continue to compete successfully or that future developments in the industry will not create additional competitive challenges.

We rely extensively on computer systems to execute trades and process transactions, and we could suffer substantial damages if the operation of these systems were interrupted.

We rely on our computer and communications hardware and software systems to execute a large volume of trading transactions each year. It is therefore critical that we maintain uninterrupted operation of these systems, and we have invested considerable resources to protect our systems from physical compromise and security breaches and to maintain backup and redundancy. Nevertheless, our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, including breaches of our transaction processing or other systems, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees. If our systems are breached, damaged or cease to function properly, we may have to make a significant investment to fix or replace them, we may suffer interruptions in our ability to provide quotations or trading services in the interim, and we may face costly litigation.

If our customer data were breached, we could suffer damages and loss of reputation.

By the nature of our business, we maintain significant amounts of customer data on our systems. Moreover, certain third party providers have access to confidential data concerning the Company in the ordinary course of their business relationships with the Company. In recent years, various companies, including companies that are significantly larger than us, have reported breaches of their computer systems that have resulted in the compromise of customer data. Any significant compromise or breach of customer or company data held or maintained by either the Company or our third party providers could significantly damage our reputation and result in costs, lost trades, fines and lawsuits. The regulatory environment related to information security and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs. There is no guarantee that the procedures that we have implemented to protect against unauthorized access to secured data are adequate to safeguard against all data security breaches.

Risks Relating to Commodities

A-Mark's business is heavily influenced by volatility in commodities prices.

A primary driver of A-Mark's profitability is volatility in commodities prices, which leads to wider bid and ask spreads. Among the factors that can impact the price of precious metals are supply and demand of precious metals; political, economic, and global financial events; movement of the U.S. dollar versus other currencies; and the activity of large speculators such as hedge funds. If commodity prices were to stagnate, there would likely be a reduction in trading activity, resulting in less demand for the services A-Mark provides, which could materially adversely affect our business, liquidity and results of operations.

This volatility may drive fluctuation of our revenues, as a consequence of which our results for any one period may not be indicative of the results to be expected for any other period. See "[Management's Discussion and Analysis of Financial Condition and Results of Operations](#)"

Our business is exposed to commodity price risks, and our hedging activity to protect our inventory is subject to risks of default by our counterparties.

A-Mark's precious metals inventories are subject to market value changes created by change in the underlying commodity price, as well as supply and demand of the individual products the Company trades. In addition, open sale and purchase commitments are subject to changes in value between the date the purchase or sale is fixed (the trade date) and the date metal is delivered or received (the settlement date). A-Mark seeks to minimize the effect of price changes of the underlying commodity through the use of financial derivative instruments, such as forward and futures contracts. A-Mark's policy is to remain substantially hedged as to its inventory position and its individual sale and purchase commitments. A-Mark's management monitors its hedged exposure daily. However, there can be no assurance that these hedging activities will be adequate to protect the Company against commodity price risks associated with A-Mark's business activities.

Furthermore, even if we are fully hedged as to any given position, there is the risk of default by our counterparties to the hedge. Any such default could have a material adverse effect on our financial position and results of operations.

Increased commodity pricing could limit the inventory that we are able to carry.

We maintain a large and varied inventory of precious metal products, including bullion and coins, in order to support our trading activities and provide our customers with superior service. The amount of inventory that we are able to carry is constrained by the borrowing limitations and working capital covenants under our credit facility. If commodity prices were to rise substantially, and we were unable to modify the terms of our credit facility to compensate for the increase, the quantity of product that we could finance, and hence maintain in our inventory, would fall. This would likely have a material adverse effect on our operations.

The Dodd-Frank Act could adversely impact our use of derivative instruments to hedge precious metal prices and may have other adverse effects on our business.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires the Commodity Futures Trading Commission to promulgate rules and regulations implementing the new legislation, including with respect to derivative contracts on commodities. This legislation and any implementing regulations could significantly increase the cost of some commodity derivative contracts (including through requirements to post collateral, which could adversely affect our available liquidity), materially alter the terms of some commodity derivative contracts, reduce the availability of some derivatives to protect against risks, reduce our ability to monetize or restructure our existing commodity derivative contracts and potentially increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the Dodd-Frank legislation and regulations, we would be exposed to inventory and other risks associated with fluctuations in commodity prices. Also, if the Dodd-Frank legislation and regulations result in less volatility in commodity prices, our revenues could be adversely affected.

We rely on the efficient functioning of commodity exchanges around the world, and disruptions on these exchanges could adversely affect our business.

The Company buys and sells precious metals contracts on commodity exchanges around the world, both in support of its customer operations and to hedge its inventory and transactional exposure against fluctuations in commodity prices. The Company's ability to engage in these activities would be compromised if the exchanges on which the Company trades or any of their clearinghouses were to discontinue operations or to experience disruptions in trading, due to computer problems, unsettled markets or other factors. The Company may also experience risk of loss if futures commission merchants or commodity brokers with whom the Company deals were to become insolvent or bankrupt.

Risks Relating to Our Common Stock

Public company costs have increased our expenses and administrative burden, in particular in order to bring our Company into compliance with certain provisions of the Sarbanes Oxley Act of 2002.

As a public company, we are incurring significant legal, accounting and other expenses that we did not incur as a private company. These increased costs and expenses may arise from various factors, including financial reporting costs associated with complying with federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002).

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, and related regulations implemented by the SEC and NASDAQ have created uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. We are currently evaluating and monitoring developments with respect to new and proposed rules and cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs. Applicable laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased selling, general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of Sarbanes-Oxley could have a material adverse effect on our business.

As a public company, we are required to document and test our internal control over financial reporting in order to satisfy the requirements of Section 404 of Sarbanes-Oxley, which requires annual management assessments of the effectiveness of our internal control over financial reporting.

We are required to implement standalone policies and procedures to comply with the requirements of Section 404. During the course of our testing of our internal controls and procedures, we may identify deficiencies which we may not be able to remediate in time to meet our deadline for compliance with Section 404. Testing and maintaining internal controls can divert our management's attention from other matters that are also important to the operation of our business. We also expect that the imposition of these regulations will increase our legal and financial compliance costs and make some activities more difficult, time consuming and costly. We may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. If we are unable to conclude that we have effective internal controls over financial reporting, then investors could lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common stock. In addition, if we do not maintain effective internal controls, we may not be able to accurately report our financial information on a timely basis, which could harm the trading price of our common stock, impair our ability to raise additional capital, or jeopardize our continued listing on the NASDAQ Global Select Market or any other stock exchange on which common stock may be listed.

The Company has determined that it qualifies as a smaller reporting company as of December 31, 2014. As such, it is not categorized as an accelerated filer for the fiscal year ended June 30, 2015. Therefore, the Company is not required to obtain a report by our independent registered public accounting firm that addresses the effectiveness of internal control over financial reporting for that year. The Company will continue to be exempt from the requirement of obtaining such a report unless and until it meets the definition of an accelerated filer.

We may not be able to continue to pay dividends.

Effective March 2, 2015, the Board of Directors approved a cash dividend policy calling for the payment of a quarterly cash dividend of \$0.05 per common share. Under the approved cash dividend policy, the declaration of cash dividends in the future is subject to the determination each quarter by the Board of Directors, based on a number of factors, including the Company's

financial performance, available cash resources, cash requirements, bank covenants, and alternative uses of cash that the Board of Directors may conclude would represent an opportunity to generate a greater return on investment for the Company. Accordingly, there can be no assurance that the Company will continue to pay dividends on a regular basis. If the Board of Directors were to determine not to pay dividends in the future, shareholders would not receive any further return on an investment in our capital stock in the form of dividends, and may only obtain an economic benefit from the common stock only after an increase in its trading price and only by selling the common stock.

Provisions in our Certificate of Incorporation and Bylaws and of Delaware law may prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law contain certain anti-takeover provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of the Company without negotiating with our board of directors. Such provisions could limit the price that certain investors might be willing to pay in the future for the Company's securities. Certain of such provisions allow the Company to issue preferred stock with rights senior to those of the common stock, impose various procedural and other requirements which could make it more difficult for shareholders to effect certain corporate actions and set forth rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings.

We believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board and by providing our board with more time to assess any acquisition proposal. However, these provisions apply even if an acquisition offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board determines is not in the best interests of our company and our shareholders. Accordingly, in the event that our board determines that a potential business combination transaction is not in the best interests of our Company and our shareholders, but certain shareholders believe that such a transaction would be beneficial to the Company and its shareholders, such shareholders may elect to sell their shares in the Company and the trading price of our common stock could decrease.

Your percentage ownership in the Company could be diluted in the future.

Your percentage ownership in A-Mark potentially will be diluted in the future because of additional equity awards that we expect will be granted to our directors, officers and employees in the future. We have established an equity incentive plan that provides for the grant of common stock-based equity awards to our directors, officers and other employees. In addition, we may issue equity in order to raise capital or in connection with future acquisitions and strategic investments, which would dilute your percentage ownership.

Our board and management beneficially own a sizeable percentage of our common stock and therefore have the ability to exert substantial influence as shareholders.

Members of our board and management beneficially own over 45% of our outstanding common stock. Acting together in their capacity as shareholders, the board members and management could exert substantial influence over matters on which a shareholder vote is required, such as the approval of business combination transactions. Also because of the size of their beneficial ownership, the board members and management may be in a position effectively to determine the outcome of the election of directors and the vote on shareholder proposals. The concentration of beneficial ownership in the hands of our board and management may therefore limit the ability of our public shareholders to influence the affairs of the Company.

If the Company's spinoff from SGI is determined to be taxable for U.S. federal income tax purposes, our shareholders could incur significant U.S. federal income tax liabilities.

In connection with the spinoff, SGI received the written opinion of Kramer Levin Naftalis & Frankel LLP (Kramer Levin) to the effect that the spinoff qualified as a tax-free transaction under Section 355 of the Internal Revenue Code, and that for U.S. federal income tax purposes (i) no gain or loss was recognized by SGI upon the distribution of our common stock in the spinoff, and (ii) no gain or loss was recognized by, and no amount was included in the income of, holders of SGI common stock upon the receipt of shares of our common stock in the spinoff. The opinion of tax counsel is not binding on the Internal Revenue Service or the courts, and there is no assurance that the IRS or a court will not take a contrary position. In addition, the opinion of Kramer Levin relied on certain representations and covenants delivered by SGI and us. If, notwithstanding the conclusions included in the opinion, it is ultimately determined that the distribution does not qualify as tax-free for U.S. federal income tax purposes, each SGI shareholder that is subject to U.S. federal income tax and that received shares of our common stock in the distribution could be treated as receiving a taxable distribution in an amount equal to the fair market value of such shares. In addition, if the distribution were not to qualify as tax-free for U.S. federal income tax purposes, then SGI would recognize gain in an amount equal to the excess of the fair market value of our common stock distributed to SGI shareholders on the date of the distribution over SGI's tax basis in such shares. Also, we could have an indemnification obligation to SGI related to its tax liability.

We might not be able to engage in desirable strategic transactions and equity issuances because of restrictions relating to U.S. federal income tax requirements for tax-free distributions.

Our ability to engage in significant equity transactions is restricted in order to preserve for U.S. federal income tax purposes the tax-free nature of the distribution by SGI. Even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Internal Revenue Code, it may be taxable to SGI if 50% or more, by vote or value, of shares of our common stock or SGI's common stock are acquired or issued as part of a plan or series of related transactions that includes the distribution. For this purpose, any acquisitions or issuances of SGI's common stock within two years before the distribution, and any acquisitions or issuances of our or SGI's common stock within two years after the distribution, generally are presumed to be part of such a plan, although we or SGI may be able to rebut that presumption. If an acquisition or issuance of shares of our common stock or SGI's common stock triggers the application of Section 355(e) of the Code, SGI would recognize a taxable gain to the extent the fair market value of our common stock immediately prior to the distribution exceeds SGI's tax basis in our common stock at such time.

Under the tax separation agreement, there are restrictions on our ability to take actions that could cause the distribution to fail to qualify for favorable treatment under the Internal Revenue Code. These restrictions may prevent us from entering into transactions which might be advantageous to us or our shareholders.

There can be no assurance that SGI will not enter insolvency proceedings.

There is no assurance that, in the future, SGI will not be subject to bankruptcy or other insolvency proceedings. If that were the case, SGI creditors may allege that SGI was insolvent at the time of the distribution, or was rendered insolvent as a result of the distribution, such that the distribution constituted a fraudulent conveyance, and such creditors could seek to recover the A-Mark shares distributed in the spinoff or their value.

As disclosed in SGI's Annual Report on Form 10-K, in May 2006, Spanish judicial authorities shut down the operations of Afinsa and began an investigation related to alleged criminal wrongdoing, including money laundering, fraud, tax evasion and criminal insolvency. The Spanish criminal investigation initially focused on Afinsa and certain of its executives and was later expanded to include several former officers and directors of SGI and Central de Compras, including Greg Manning, a former chief executive officer of SGI. The allegations against Afinsa and the certain named individuals relate to the central claim that Afinsa's business operations constituted a fraudulent "Ponzi scheme," whereby funds received from later investors were used to pay interest to earlier investors, and that the stamps that were the subject of the investment contracts were highly overvalued. Spanish authorities have alleged that Mr. Manning knew Afinsa's business, and aided and abetted in its activity by, among other things, causing SGI to supply allegedly overvalued stamps to Afinsa.

The Company understands that under Spanish law, if any of the former officers or directors of SGI or its subsidiary were ultimately found guilty, then, under the principle of secondary civil liability, SGI could be held liable for certain associated damages.

Mr. Manning, other former directors and officers of SGI, and SGI itself, on a secondary civil liability basis, are parties to the proceedings. The charges include a civil demand for substantial monetary damages.

We cannot predict the outcome of the proceedings, and we cannot assure you that the solvency of SGI could not be deemed to be affected by the proceedings.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters is located in Santa Monica, California and our trading desk operations are conducted from facilities in Santa Monica, California and Vienna, Austria. In July 2015, we opened our logistics fulfillment center in Las Vegas, Nevada. Below is a table summarizing the properties we occupied during the year ended June 30, 2015.

Location	Square Footage	Lease Term/Expiration
Santa Monica, California	7,100	April 2017
Las Vegas, Nevada	14,000	April 2020
Vienna, Austria	2,100	September 2016

On August 28, 2015, Logistics entered into an amendment to its lease agreement with the landlord of the Nevada facility to expand the leased premises by an additional approximately 3,600 square feet, resulting in total leased premises of approximately 17,600 square feet.

ITEM 3. LEGAL PROCEEDINGS

We are party to various legal proceedings arising in the ordinary course of its business. Based on the information currently available, we are not currently a party to any legal proceeding that management believes would have a material adverse effect on our consolidated financial position, cash flows or operations.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

SGI effected the spinoff of A-Mark on March 14, 2014. On March 17, 2014, A-Mark's shares of common stock commenced trading on the NASDAQ Global Select Market under the symbol "AMRK."

As of September 22, 2015, there were 646 registered stockholders of record of our common stock and the last reported sale price of our stock as reported by the NASDAQ Global Select Market was \$11.48.

The following table sets forth the range of high and low closing prices for our common stock for each full quarterly period during fiscal 2015 and 2014, as reported by the NASDAQ Global Select Market. These quotations below reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Quarter	2015		2014	
	High	Low	High	Low
First	\$ 12.04	\$ 11.20	N/A	N/A
Second	\$ 11.15	\$ 9.44	N/A	N/A
Third	\$ 10.74	\$ 9.61	N/A	N/A
Fourth	\$ 10.96	\$ 10.08	\$ 13.08	\$ 10.87

Issuer Purchases of Equity Securities

None.

Dividend Policy

During year ended June 30, 2015, the Board of Directors of the Company initiated a cash dividend policy that calls for the payment of a quarterly cash dividend of \$0.05 per common share. The first quarterly cash dividend was paid on March 20, 2015 to stockholders of record at the close of business on March 12, 2015. The second quarterly cash dividend was paid on May 25, 2015 to stockholders of record at the close of business on May 14, 2015.

During the year ended June 30, 2014, the Company declared and paid a \$10.0 million cash dividend to its Former Parent, SGI.

A-Mark's credit facility has certain restrictive financial covenants that require A-Mark to maintain a minimum tangible net worth (as defined) of \$35.0 million. Our ability to continue to pay dividends could be limited as a result of this covenant.

Equity Compensation Plan Information

The following table provides information as of June 30, 2015, with respect to the shares of our common stock that may be issued under existing equity compensation plans.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	328,415 ⁽¹⁾	\$ 8.40 ⁽²⁾	622,000 ⁽³⁾
Equity compensation plans not approved by security holders ⁽³⁾	—	—	—
Total	328,415	\$ 8.40	622,000

- (1) Consists of stock options and restricted stock units granted by A-Mark to replace outstanding SGI stock options and restricted stock units in connection with the spinoff and options issued by A-Mark subsequent to the spinoff. The former SGI equity awards had been granted by SGI under its 2012 Stock Award and Incentive Plan (2012 Plan) and its 1997 Stock Incentive Plan, as amended (1997 Plan). The terms of the 2012 Plan and 1997 Plan governing equity awards generally apply to the replacement awards granted by A-Mark, but A-Mark was not and is not authorized to grant equity awards under those Plans other than the equity awards that directly replaced the former SGI equity awards.
- (2) Weighted average exercise price is calculated including RSUs, which for this purpose are treated as having an exercise price of zero. If calculated solely for options and stock appreciation rights that have an exercise price, the weighted average exercise price of outstanding options, warrants and rights at June 30, 2015 was \$11.39.
- (3) These shares are available for future issuance under A-Mark's 2014 Stock Award and Incentive Plan (2014 Plan). All 2014 Plan shares are available for awards of stock options, stock appreciation rights, restricted stock units, restricted stock and other "full-value" awards.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Pursuant to the Private Securities Litigation Reform Act of 1995

This Annual Report on Form 10-K ("Form 10-K") contains statements that are considered forward-looking statements. Forward-looking statements give the Company's current expectations and forecasts of future events. All statements other than statements of current or historical fact contained in this Annual Report, including statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "plan," and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements are based on the Company's current plans, and the Company's actual future activities and results of operations may be materially different from those set forth in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Any or all of the forward-looking statements in this Annual Report may turn out to be inaccurate. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. The forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and assumptions. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events occurring after the date hereof. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this Form 10-K.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes contained elsewhere in this Form 10-K. This discussion contains forward-

looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this Annual Report, particularly in "[Risk Factors](#)."

Introduction

Management's discussion and analysis of financial condition and results of operations is provided as a supplement to the accompanying consolidated financial statements and related notes to help provide an understanding of our results of operations and financial condition. Our discussion is organized as follows:

- [Executive overview](#). This section provides a general description of our business, as well as significant transactions and events that we believe are important in understanding the results of operations.
- [Results of operations](#). This section provides an analysis of our results of operations presented in the accompanying consolidated statements of income by comparing the results for the respective years. Included in our analysis is a discussion of two performance metrics: (i) inventory turnover ratio and (ii) number of secured loans at year-end. Our inventory turnover ratio is a measure of how quickly inventory has moved during the past twelve months. The majority of the Company's trading activities involve two day value trades that produce slim gross margin percentages. The inventory turnover ratio measures the efficiency of our trading activity and the liquidity of our inventory. The number of secured loans at year-end, together with the aggregate of secured loans outstanding, are indicators of the size of our finance lending business.
- [Financial condition and liquidity and capital resources](#). This section provides an analysis of our cash flows, as well as a discussion of our outstanding debt that existed as of June 30, 2015. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund our future commitments, as well as a discussion of other financing arrangements.
- [Critical accounting estimates](#). This section discusses those accounting policies that both are considered important to our financial condition and results, and require significant judgment and estimates on the part of management in their application. In addition, all of our policies, including critical accounting policies, are summarized in [Note 2](#) to the accompanying consolidated financial statements.
- [Recent accounting pronouncements](#). This section discusses new accounting pronouncements, dates of implementation and impact on our accompanying consolidated financial statements, if any.

Executive Overview

Our Business

A-Mark is a full-service precious metals trading company, and an official distributor for many government mints throughout the world. We offer gold, silver, platinum and palladium in the form of bars, plates, powder, wafers, grain, ingots and coins. Our Industrial unit services manufacturers and fabricators of products utilizing or incorporating precious metals. Our Coin & Bar unit deals in over 200 coin and bar products in a variety of weights, shapes and sizes for distribution to dealers and other qualified purchasers. We have trading centers in Santa Monica, California and Vienna, Austria for buying and selling precious metals. In addition to wholesale trading activity, A-Mark offers its customers a variety of services, including financing, consignment, logistics and various customized financial programs. As a U.S. Mint-authorized purchaser of gold, silver and platinum coins, A-Mark purchases product directly from the U.S. Mint and other sovereign mints for sale to its customers.

Through our subsidiary Collateral Finance Corporation, referred to as CFC, a licensed California Finance Lender, we offer loans collateralized by numismatic and semi-numismatic coins and bullion to coin and precious metal dealers, investors and collectors. Through our Transcontinental Depository Services subsidiary, referred to as TDS, we offer a variety of managed storage options for precious metals products to financial institutions, dealers, investors and collectors around the world. TDS started doing business in 2012. Our financing business generates interest income that is not classified as revenues. If interest income generated by the financing business were classified as revenues, it would represent less than 1% of our total revenues for each of the periods presented. Our storage business generates less than 1% of total revenues for each of the periods presented.

In fiscal 2015, the Company formed a wholly-owned subsidiary, A-M Global Logistics, LLC, referred to as Logistics, which began operating the Company's logistics fulfillment center based in Las Vegas, Nevada in July 2015.

Our Strategy

The Company has grown from a small numismatics firm in 1965 to a significant participant in the bullion and coin markets, with approximately \$6.0 billion in revenues for the year ended June 30, 2015. Our strategy continues to focus on growth, including the volume of our business, our geographic presence, particularly in Europe, and the scope of complementary products and services that we offer to our customers. We intend to promote our growth by leveraging off of our existing, integrated operations; the depth of our customer relations; our access to market makers, suppliers and government mints and other mints; our trading offices in the U.S. and Europe, which are open 17 hours a day 5 days a week; our expansive precious metals dealer network; our depository relationships around the world; our knowledge of secured lending; our logistics capabilities; our trading expertise; and the quality and experience of our management team.

Our Customers

The Company sells gold, silver, platinum and palladium products to a wide array of customers, including financial institutions, bullion retailers, industrial manufacturers, and sovereign mints. The Company makes a two way market, which results in many customers also operating as our suppliers. This diverse base of customers purchases a variety of products from the Company in a multitude of grades primarily in the form of coins and bars.

Factors Affecting Revenues and Gross Profits

The Company operates in a high volume/low margin industry. Revenues are impacted by three primary factors: product volume, market prices and market volatility. A material change in any one or more of these factors may result in a significant change in the Company's revenues. A significant increase or decrease in revenues can occur simply based on changes in the underlying commodity prices and may not be reflective of an increase or decrease in the volume of products sold.

Gross profit is the difference between our revenues and the cost of our products. Since we quote prices based on the current commodity market prices for precious metals, we enter into a combination of forward and futures contracts to effect a hedge position equal to the underlying precious metal commodity value, which substantially represents inventory subject to price risk. We enter into these derivative transactions solely for the purpose of hedging our inventory, and not for speculative purposes. Our gross profit includes the gains and losses resulting from these derivative instruments. However, the gains and losses on the derivative instruments are substantially offset by the gains and losses on the corresponding changes in the market value of our precious metals inventory. As a result, our results of operations generally are not materially impacted solely by changes in commodity prices.

Volatility also affects our gross profits. Greater volatility typically causes the trading spreads to widen resulting in an increase in the gross profit. Product supply constraints during extended periods of higher volatility has historically resulted in a heightening of wider trading spreads resulting in further improvement in the gross profit.

The Company has also been able recently to increase incremental margins, with corresponding positive contributions to gross profits, through certain distribution contracts and strategic partnerships. Under these arrangements, the Company sells unique bullion products to distributors for marketing to the retail public, under its standard trading terms with no right of return. The related distribution contracts provide the Company with higher margins than its ordinary trading activities.

Fiscal Year

Our fiscal year end is June 30 each year. Unless otherwise stated, references to years in this report relate to fiscal years rather than to calendar years.

RESULTS OF OPERATIONS

Overview of Results of Operations for the Years Ended June 30, 2015 and 2014

Consolidated Results of Operations

The operating results of our business for the years ended June 30, 2015 and 2014 are as follows:

in thousands, except per share data and performance metrics

Years Ended June 30,	2015		2014		\$		%	
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)		
Revenues	\$ 6,070,234	100.000 %	\$ 5,979,354	100.000 %	\$ 90,880			1.5 %
Gross profit	24,498	0.404 %	27,441	0.459 %	\$ (2,943)			(10.7)%
Selling, general and administrative expenses	(17,131)	(0.282)%	(15,570)	(0.261)%	\$ 1,561			10.0 %
Interest income	6,073	0.100 %	5,592	0.094 %	\$ 481			8.6 %
Interest expense	(4,311)	(0.071)%	(3,926)	(0.066)%	\$ 385			9.8 %
Unrealized gains (losses) on foreign exchange	19	— %	(6)	— %	\$ 25			NM
Net income before provision for income taxes	9,148	0.151 %	13,531	0.226 %	\$ (4,383)			(32.4)%
Provision for income taxes	(2,097)	(0.035)%	(5,272)	(0.088)%	\$ (3,175)			(60.2)%
Net income	\$ 7,051	0.116 %	\$ 8,259	0.138 %	\$ (1,208)			(14.6)%

Per Share Data:

Basic	\$ 1.01	\$ 1.10 ⁽¹⁾	\$ (0.09)	(8.2)%
Diluted	\$ 1.00	\$ 1.09 ⁽¹⁾	\$ (0.09)	(8.3)%

Performance Metrics:

Inventory turnover ratio	32.9 ⁽²⁾	35.2 ⁽²⁾	(2.3)	(6.5)%
Number of secured loans at year end	346 ⁽³⁾	128 ⁽³⁾	218	170.3 %

NM Not meaningful.

- (1) Basic and diluted income per share was based on historical SGI basic and fully diluted share figures through March 14, 2014, the distribution date. Amounts shown were retroactively adjusted to give effect for the share distribution in connection with the spinoff, on the basis of one share of A-Mark stock issued for every four shares of SGI stock held through the distribution date. Thereafter, basic and diluted income per share was based on the Company's historical basic and fully diluted share figures.
- (2) Inventory turnover ratio is the cost of sales divided by average inventory, measured at recorded fair value.
- (3) Number of outstanding secured loans to customers at year end.

Revenues

	Years Ended June 30, 2015		2014		\$		%	
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)		
Revenues	\$ 6,070,234	100.000%	\$ 5,979,354	100.000%	\$ 90,880		1.5%	

Revenues for the year ended June 30, 2015 increased \$90.9 million, or 1.5%, to \$6.070 billion from \$5.979 billion in 2014. Our revenues increased primarily due to an increase in the total number of silver ounces sold partially offset by a decrease in gold ounces sold during the year ended June 30, 2015 as compared to 2014. A factor constraining the increase in our revenues was the decrease in commodity prices; the average spot prices for gold declined 5.7% and average spot prices for silver declined 15.4% during the year ended June 30, 2015 as compared to 2014.

Gross Profit

	Years Ended June 30, 2015		2014		\$		%	
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)		
Gross profit	\$ 24,498	0.404%	\$ 27,441	0.459%	\$ (2,943)		(10.7)%	
Inventory turnover ratio		32.9		35.2		(2.3)		(6.5)%

Gross profit for the year ended June 30, 2015 decreased by \$2.9 million, or 10.7%, to \$24.5 million from \$27.4 million in 2014. The Company's profit margin decreased primarily due to lower premium spreads on the Company's primary products, offset by higher sales volumes of our primary silver products, coupled with sales of higher margin value-added products. Our inventory turnover rate decreased by 6.5% to 32.9 from 35.2 as compared to 2014. This decrease in the inventory turnover rate was primarily due to an increase in the carry length associated with the Company's development of foreign markets and the longer carry periods associated with higher margin value added products, which resulted in the Company carrying higher inventory levels in foreign and domestic locations at lower turnover rates, compared to 2014.

Selling, General and Administrative Expenses

	Years Ended June 30, 2015		2014		\$		%	
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)		
Selling, general and administrative expenses	\$ (17,131)	(0.282)%	\$ (15,570)	(0.261)%	\$ 1,561		10.0%	

Selling, general and administrative expenses for the year ended June 30, 2015 increased \$1.6 million, or 10.0%, to \$17.1 million from \$15.6 million in 2014. The increase is primarily due to the operational cost of a logistic center established to provide fulfillment services to our customers, administrative expenses associated with being a public company, including the addition of key personnel and legal and accounting fees and expenses.

In 2015, the Company expanded its logistics capabilities by relocating to a new facility in Las Vegas, Nevada. The Company began to receive and ship inventory from this facility shortly after June 30, 2015. The Company is proceeding with its plans to reduce the volume of business it does with third-party storage providers over the next twelve months.

Interest Income

The Company enters into secured loans and secured financing structures with its customers under which it charges interest income. The Company offers a number of secured financing options to its customers to finance their precious metals purchases including consignments and other structured inventory finance products. Through its wholly owned subsidiary, CFC, the Company also enters into loans secured by precious metals and numismatic material owned by the borrowers and held by the Company for the term of the loan.

Years Ended June 30,	2015		2014		\$	%
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)
Interest income	\$ 6,073	0.100%	\$ 5,592	0.094%	\$ 481	8.6%
Number of secured loans at year-end	346		128		218	170.3%

Interest income for the year ended June 30, 2015 increased \$0.5 million, or 8.6%, to \$6.1 million from \$5.6 million in 2014. Interest income increased primarily due to an increase in the size of the CFC loan portfolio as well as improvement in certain A-Mark finance products. The improvement in the value of loans outstanding at CFC, which resulted in higher interest income, was due primarily to an increase in the number of CFC borrowers. The number of CFC borrowers increase by 170.3% to 346 from 128 in 2014. This 170.3% increase in the number of secured loans was primarily due to acquisitions of bullion based loan portfolios from a retail customer.

Interest Expense

The Company incurs interest expense as a result of usage under its lines of credit, product financing arrangements and liability on borrowed metals. Also, the Company incurs interest expense as a result of its product financing agreements for the transfer and subsequent re-acquisition of gold and silver at a fixed price to a third-party finance company. Additionally, the Company incurs interest expense when we borrow precious metals from our suppliers under short-term arrangements, which bear interest at a designated rate.

Years Ended June 30,	2015		2014		\$	%
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)
Interest expense	\$ (4,311)	(0.071)%	\$ (3,926)	(0.066)%	\$ 385	9.8%

Interest expense for the year ended June 30, 2015 increased \$0.4 million, or 9.8% to \$4.3 million from \$3.9 million in 2014. The increase was related primarily to usage of our lines of credit. We believe the interest rates paid on borrowings under our Trading Credit Facility are consistent with current market interest rates for first lien demand loans secured by inventory and receivables. We utilize our lines of credit extensively for working capital requirements.

Provision for Income Taxes

Our effective rate could be adversely affected by the relative proportions of revenue and income before taxes in the various domestic and international jurisdictions in which we operate. We are also subject to changing tax laws, regulations and interpretations in multiple jurisdictions in which we operate. Our effective rate can also be influenced by the tax effects of purchase accounting for acquisitions and non-recurring charges, which may cause fluctuations between reporting periods.

Years Ended June 30,	2015		2014		\$	%
	\$	% of revenue	\$	% of revenue	Increase/(decrease)	Increase/(decrease)
Provision for income taxes	(2,097)	(0.035)%	(5,272)	(0.088)%	(3,175)	(60.2)%

Our provision for income taxes was \$2.1 million and \$5.3 million for the years ended June 30, 2015 and 2014, respectively. Our effective tax rate was approximately 22.9% and 39.0% for the years ended June 30, 2015 and 2014, respectively. Our effective tax rate differs from the federal statutory rate due to permanent adjustments for nondeductible items and state taxes. In addition, during the fiscal year ended June 30, 2015 the Company's effective tax rate was decreased due to a benefit received under the tax separation agreement with the former parent.

LIQUIDITY AND FINANCIAL CONDITION

Primary Sources and Uses of Cash

Overview

Liquidity is defined as our ability to generate sufficient amounts of cash to meet all of our cash needs. Liquidity is of critical importance to us and imperative to maintain our operations on a daily basis.

A substantial portion of our assets are liquid. As of June 30, 2015, approximately 92% of our assets consisted of cash, customer receivables, and precious metals inventory, measured at fair value. Cash generated from the sales of our precious metals products is our primary source of operating liquidity.

Typically, we acquire our inventory by: (1) purchasing inventory from our suppliers by utilizing our own capital and lines of credit; (2) borrowing precious metals from our suppliers under short-term arrangements which bear interest at a designated rate, and (3) repurchasing inventory at an agreed-upon price based on the spot price on the specified repurchase date.

In addition, the Company generates cash from earned interest income. Through CFC, the Company enters into secured loans and secured financing structures with its customers under which it charges interest income. The Company offers a number of secured financing options to its customers to finance their precious metals purchases including consignments and other structured inventory finance products. The loans are secured by precious metals and numismatic material owned by the borrowers and held by the Company as security for the term of the loan. Furthermore, our customers may enter into purchase agreements whereby the customer agrees to purchase our inventory at the prevailing spot price for delivery of the product at a specific point in time in the future; interest income is earned from contract date until the material is delivered and paid for in full.

We continually review our overall credit and capital needs to ensure that our capital base, both stockholders' equity and available credit facilities, can appropriately support our anticipated financing needs. The Company also continually monitors its current and forecasted cash requirements, and draw upon and pays down its lines of credit so as to minimize interest expense.

Lines of Credit

in thousands

	June 30, 2015	June 30, 2014	June 30, 2015 Compared to June 30, 2014
Lines of credit	\$ 147,000	\$ 135,200	\$ 11,800

A-Mark has a borrowing facility ("Trading Credit Facility") with a group of financial institutions under an inter-creditor agreement, which provides for lines of credit up to the maximum of the credit facility. All lenders have a perfected, first security interest in all assets of the Company presented as collateral. Loan advances will be available against a borrowing base report of eligible assets in accordance with the inter-creditor agreement currently in place. Pledged collateral comprises assigned and confirmed inventory, trade receivable, trade advances, derivatives, equity and pledged non bullion and bullion loans.

As of June 30, 2015, the maximum of the Trading Credit Facility was \$230.0 million. The Company routinely uses the Trading Credit Facility to purchase precious metals from suppliers and for operating cash flow purposes. Amounts under the Trading Credit Facility bear interest based on London Interbank Offered Rate ("LIBOR") plus a margin. The one-month LIBOR rate was approximately 0.19% and 0.15% as of June 30, 2015 and June 30, 2014, respectively. Borrowings are due on demand and totaled \$147.0 million and \$135.2 million at June 30, 2015 and at June 30, 2014, respectively. The Company is able to access additional credit as needed to finance operations, subject to the overall limits of the Trading Credit Facility and lender approval of the revised borrowing base calculation. The amounts available under the Trading Credit Facility are determined at the end of each week following a specified borrowing base formula. The amounts available under the Trading Credit Facility after taking into consideration current borrowings, based upon the latest approved borrowing bases in effect, totaled \$20.9 million and \$14.4 million at June 30, 2015 and June 30, 2014, respectively.

The Trading Credit Facility has certain restrictive financial covenants, which require the Company to maintain a minimum tangible net worth. In connection with the new line effective September 12, 2014, the minimum tangible net worth financial covenant under the Trading Credit Facility was increased from \$25.0 million to \$35.0 million. The Company is in compliance with all restrictive financial covenants as of June 30, 2015. The Company's ability to pay dividends, if it were to elect to do so, could be limited as a result of these restrictions. Each lender has the right to cancel its credit line upon written notice.

Through October 8, 2014, the Trading Credit Facility contained a sub-facility that the Company and SGI (a related party) could draw upon. Amounts available for borrowing under this sub-facility as of June 30, 2015 and June 30, 2014 were \$0.0 million and \$3.3 million, respectively. On October 8, 2014, SGI paid off its obligations under the sub-facility in full utilizing funds drawn from its line of credit with CFC, and SGI no longer has any right to draw upon the sub-facility (see [Note 11](#)).

Effective July 8, 2015, at the request of the Company, one of six institutional participants in the Company's Trading Credit Facility terminated its credit demand line of \$40.0 million. Effective July 10, 2015, the Company obtained a permanent increase in its demand Trading Credit Facility through an increase of the credit demand line of one of five remaining institutional participants from \$35.0 million to \$45.0 million. Effective September 11, 2015, the Company obtained a permanent increase in its demand Trading Credit Facility through an increase of the credit demand line of another institutional participant from \$35.0 million to \$40.0 million. As a result, the aggregate line available to the Company under the facility at September 24, 2015 is \$205.0 million.

Liability on Borrowed Metals

in thousands

	June 30, 2015	June 30, 2014	June 30, 2015 Compared to June 30, 2014
Liability on borrowed metals	\$ 9,500	\$ 8,709	\$ 791

We borrow precious metals from our suppliers under short-term arrangements which bear interest at a designated rate. Amounts under these arrangements are due at maturity and require repayment either in the form of precious metals or cash. Our inventories included borrowed metals with market values totaling \$9.5 million and \$8.7 million at June 30, 2015 and at June 30, 2014, respectively.

Product Financing Agreement

in thousands

	June 30, 2015	June 30, 2014	June 30, 2015 Compared to June 30, 2014
Product financing agreement	\$ 39,425	\$ 24,610	\$ 14,815

The Company has an agreement with a financial institution (a third party) that allows the Company to transfer its gold and silver inventory at a fixed price to this third party. Such agreement allows the Company to repurchase this inventory at an agreed-upon price based on the spot price on the repurchase date. The third party charges monthly interest as a percentage of the market value of the outstanding obligation; such monthly charges are classified in interest expense. These transactions do not qualify as sales and therefore have been accounted for as financing arrangements and reflected in the consolidated balance sheet within product financing obligation. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing arrangement and the underlying inventory (which is entirely restricted) are carried at fair value, with changes in fair value included as component of cost of sales. Such obligation totaled \$39.4 million and \$24.6 million as of June 30, 2015 and June 30, 2014, respectively.

Secured Loans

in thousands

	June 30, 2015	June 30, 2014	June 30, 2015 Compared to June 30, 2014
Secured loans	\$ 49,316	\$ 41,261	\$ 8,055

The Company is a California license finance lender that makes and acquires commercial loans secured by numismatic and semi-numismatic coins and bullion that affords our customers a convenient means of financing their inventory or collections. Predominantly, most of the Company's secured loans are short-term in nature and do not represent a long term obligation of the Company. The renewal of these instruments is at the discretion of the Company and, as such, provides us with some flexibility in regards to our capital deployment strategies.

Subsequent to fiscal 2015, on July 23, 2015, CFC, a wholly owned subsidiary, entered into a loan agreement and related documents with Stack's Bowers Numismatics, LLC, a related party, providing a secured line of credit in the maximum principal amount of up to \$2.5 million, bearing interest at a competitive rate per annum, which is at an interest rate within the range of rates CFC charges its non-related parties. The amount of the initial draw was \$1.8 million, which has subsequently been partially repaid. The loan is secured by numismatic and semi-numismatic products.

Dividends

in thousands

	June 30, 2015	June 30, 2014	June 30, 2015 Compared to June 30, 2014
Dividends, declared	\$ 698	\$ 10,000	\$ (9,302)

In fiscal 2015, the Board of Directors of the Company initiated a cash dividend policy that calls for the payment of a quarterly cash dividend of \$0.05 per common share. Two quarterly dividends of \$0.05 per common share were paid by the Company

in fiscal 2015. On September 11, 2015, the Board of Directors of the Company declared a quarterly cash dividend of \$0.05 per common share to stockholders of record at the close of business on September 24, 2015, which is scheduled to be paid on October 5, 2015.

In fiscal 2014, the dividends that were declared and paid prior to the spinoff were payable to SGI, our Former Parent.

Cash Flows

The majority of the Company's trading activities involve two day value trades under which payment is made in advance of delivery or product is received in advance of payment. The high volume, rapid rate of inventory turn, and high average value per trade can cause material changes in the sources of cash used in or provided by operating activities on a daily basis. The Company manages these variances through its liquidity forecasts and counterparty limits maintaining a liquidity reserve to meet the Company's cash needs. The Company uses various short-term financial instruments to manage the rapid cycle of our trading activities from customer purchase order to cash collections and product delivery, which can cause material changes in the of cash used in or provided by financing activities on a daily basis.

The following summarizes components of our consolidated statements of cash flows for the years ended June 30, 2015 and 2014:

in thousands

	June 30,	2015	2014	2015 Compared to 2014
Net cash used in operating activities	\$	(3,905)	\$ (16,745)	12,840
Net cash used in investing activities	\$	(14,178)	\$ (5,632)	(8,546)
Net cash provided by financing activities	\$	25,817	\$ 14,005	11,812

Our principal capital requirements have been to fund (i) working capital and (ii) capital expenditures. Our working capital requirements fluctuate with market conditions, the availability of precious metals and the volatility of precious metals commodity pricing.

Net cash used in operating activities

Operating activities used \$3.9 million and used \$16.7 million in cash for the years ended June 30, 2015 and 2014, respectively, representing a decrease of \$12.8 million in the use of cash compared to year ended June 30, 2014. This period over period increase in the of source of funds in operating activities was primarily due to change in net income, and changes in the balances of accounts receivables, and liabilities on borrowed metals, offset by changes in the balances of inventory, income tax receivable, income tax payable, deferred taxes.

Net cash used in investing activities

Investing activities used \$14.2 million and used \$5.6 million in cash for the years ended June 30, 2015 and 2014, respectively, representing an increase of \$8.5 million in the use of cash compared to year ended June 30, 2014. This period over period increase is the result of the change in balance of secured loans of \$6.3 million that was primarily due to the acquisitions of loan portfolios, and due to the change in the balance of our investments of \$1.5 million.

Net cash provided by financing activities

Financing activities provided \$25.8 million and provided \$14.0 million in cash for the years ended June 30, 2015 and 2014, respectively, representing an increase of \$11.8 million in the source of cash compared to year ended June 30, 2014. This period over period increase in the source of funds provided by financing activities was primarily due to changes in the balance of product financing arrangements of \$28.8 million, and in dividends paid of \$9.3 million, offset by the change in the balance of our lines of credit of \$28.4 million

CAPITAL RESOURCES

We believe that our current cash and cash equivalents, availability under the Trading Credit Facility, and cash we anticipate to generate from operating activities will provide us with sufficient liquidity to satisfy our working capital needs, capital expenditures, investment requirements and commitments through at least the next twelve months.

CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

Counterparty Risk

We manage our counterparty risk by setting credit and position risk limits with our trading counterparties. These limits include gross position limits for counterparties engaged in sales and purchase transactions with us. They also include collateral limits for different types of sale and purchase transactions that counter parties may engage in from time to time.

Commodities Risk and Derivatives

We use a variety of strategies to manage our risk including fluctuations in commodity prices for precious metals. See [Note 12](#) in the accompanying consolidated financial statements. Our inventories consist of, and our trading activities involve, precious metals and precious metal products, whose prices are linked to the corresponding precious metals prices. Inventories purchased or borrowed by us are subject to price changes. Inventories borrowed are considered natural hedges, since changes in value of the metal held are offset by the obligation to return the metal to the supplier.

Open sale and purchase commitments in our trading activities are subject to changes in value between the date the purchase or sale price is fixed (the trade date) and the date the metal is received or delivered (the settlement date). We seek to minimize the effect of price changes of the underlying commodity through the use of forward and futures contracts. Our open sale and purchase commitments generally settle within 2 business days, and for those commitments that do not have stated settlement dates, we have the right to settle the positions upon demand.

Our policy is to substantially hedge our underlying precious metal commodity inventory position. We regularly enter into metals commodity forward and futures contracts with major financial institutions to hedge price changes that would cause changes in the value of our physical metals positions and purchase commitments and sale commitments. We have access to all of the precious metals markets, allowing us to place hedges. However, we also maintain relationships with major market makers in every major precious metals dealing center, which allows us to enter into contracts with market makers. Futures and forwards contracts open at June 30, 2015 are scheduled to settle within 30 days.

The Company enters into these derivative transactions solely for the purpose of hedging our inventory holding risk, and not for speculative market purposes. Due to the nature of our hedging strategy, we are not using hedge accounting as defined under, *Derivatives and Hedging* Topic 815 of the Accounting Standards Codification ("ASC".) Gains or losses resulting from our futures and forward contracts are reported as cost of sales with the related amounts due from or to counterparties reflected as a derivative asset or liability (see [Notes 4, 8](#) and [12](#) to the accompanying consolidated financial statements.) Gains or losses resulting from the termination of hedge contracts are reported as cost of sales. The Company's gains (losses) on derivative instruments are substantially offset by the changes in fair market value underlying precious metals inventory and open sale and purchase commitments, which is also recorded in cost of sales in the consolidated statements of income.

Net gains (losses) on derivative instruments in the consolidated statements of income totaled \$(52.8) million and \$(23.1) million for the years ended June 30, 2015 and 2014, respectively (see [Note 12](#).)

The following table summarizes the results of our hedging activities as follows at June 30, 2015 and at June 30, 2014, showing the precious metal commodity inventory position, net of open sale and purchase commitments, which is subject to price risk:

	June 30, 2015	June 30, 2014
Inventory	\$ 191,501	\$ 175,554
Less unhedgable inventory:		
Commemorative coin inventory, held at lower of cost or market	(1,518)	(2,564)
Premium on metals position	(3,255)	(3,285)
Inventory value not hedged	(4,773)	(5,849)
Subtotal	186,728	169,705
Commitments at market:		
Open inventory purchase commitments	444,023	489,944
Open inventory sales commitments	(249,081)	(190,108)
Margin sale commitments	(12,430)	(15,751)
In-transit inventory no longer subject to market risk	(13,807)	(4,522)
Unhedgable premiums on open commitment positions	528	1,694
Inventory borrowed from suppliers	(9,500)	(8,709)
Product financing obligation	(39,425)	(24,610)
Advances on industrial metals	3,340	8,813
Inventory subject to price risk	310,376	426,456
Inventory subject to derivative financial instruments:		
Precious metals forward contracts at market values	202,323	206,055
Precious metals futures contracts at market values	107,993	220,984
Total market value of derivative financial instruments	310,316	427,039
Net inventory subject to commodity price risk	\$ 60	\$ (583)

We are exposed to the risk of default of the counter parties to our derivative contracts. Significant judgment is applied by us when evaluating the fair value implications. We regularly review the creditworthiness of our major counterparties and monitor our exposure to concentrations. At June 30, 2015, we believe our risk of counterparty default is mitigated based on our evaluation, the strong financial condition of our counterparties, and the short-term duration of these arrangements.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2015 and June 30, 2014, we had the following outstanding sale and purchase commitments and open forward and future contracts, which are normal and recurring, in nature:

<i>in thousands</i>	June 30, 2015	June 30, 2014
Purchase commitments	\$ 444,023	\$ 489,944
Sales commitments	\$ (249,081)	\$ (190,108)
Margin sale commitments	\$ (12,430)	\$ (15,751)
Open forward contracts	\$ 202,323	\$ 206,055
Open futures contracts	\$ 107,993	\$ 220,984
Foreign exchange forward contracts	\$ 6,242	\$ 2,684

The notional amounts of the commodity forward and futures contracts and the open sales and purchase orders, as shown in the table above, are not reflected at the notional amounts in the consolidated balance sheets. The Company records commodity forward and futures contracts at the fair value, which is the difference between the market price of the underlying metal or contract measured on the reporting date and at fair value of trade amount measured on the date the contract was transacted. The fair value of the open derivative contracts are shown as a component of receivables or payables in the accompanying consolidated balance sheets (see [Note 4](#) and [Note 8](#).)

The Company enters into the derivative forward and future transactions solely for the purpose of hedging its inventory holding risk, and not for speculative market purposes. The Company's gains (losses) on derivative instruments are substantially offset by the changes in fair market value underlying precious metals inventory position, including our open sale and purchase commitments (see [Note 12](#)). The Company records the derivatives at the trade date, and the corresponding unrealized gains or losses are shown as a component of cost of sales in the consolidated statements of income. We adjust the carrying value of the derivatives to fair value on a daily basis until the transactions are physically settled.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In connection with the preparation of our financial statements, we are required to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that we believe to be relevant at the time our consolidated financial statements are prepared. On a regular basis, we review our accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could materially differ from our estimates.

Our significant accounting policies are discussed in [Note 1](#) and [Note 2, Description of Business](#) and [Summary of Significant Accounting Policies](#), respectively, of the Notes to the accompanying consolidated financial statements that are included in [Item 8, Financial Statements](#), of this Annual Report. We believe that the following accounting policies are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. We have reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

Revenue Recognition

Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, no obligations remain and collection is probable. We record sales of precious metals upon the transfer of title, which occurs upon receipt by customer. We record revenues from our metal assaying and melting services after the related services are completed and the effects of forward sales contracts are reflected in revenue at the date the related precious metals are delivered or the contracts expire.

We account for our metals and sales contracts using settlement date accounting. Pursuant to such accounting, we recognize the sales or purchases of the metals at the settlement date. During the period between trade and settlement dates, we have essentially entered into a forward contract that meets the definition of a derivative in accordance with the *Derivatives and Hedging* Topic 815 of the of the Accounting Standards Codification ("ASC"). We record the derivatives at the trade date; the fair value of the open derivative contracts are shown as a component of receivables or payables in the accompanying consolidated balance sheets. The corresponding unrealized gains or losses are shown as a component of cost of sales in the consolidated statements of income. We adjust the carrying value of the derivatives to fair value on a daily basis until the transactions are physically settled. Sales which are physically settled are recognized at the gross amount in the consolidated statements of income.

Inventories

The Company's inventories primarily include bullion and bullion coins and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: (1) published market values attributable to the cost of the raw precious metal, and (2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources. The premium is included in the cost of the inventory, paid at acquisition, and is a component of the total fair market value of the inventory. The precious metal component of the inventory may be hedged through the use of precious metal commodity positions, while the premium component of our inventory is not a commodity that may be hedged.

The Company's inventories, except for certain lower of cost or market basis products (as described below), are subsequently recorded at their fair market values. The daily changes in the fair market value of our inventory are offset by daily changes in the fair market value of hedging derivatives that are taken with respect to our inventory positions; both the change in the fair market

value of the inventory and the change in the fair market value of these derivative instruments are recorded in cost of sales in the consolidated statements of income.

As of June 30, 2015 and June 30, 2014, the unrealized gains (losses) resulting from the difference between market value and cost of physical inventories were \$(3.9) million and \$3.8 million, respectively. The premium component of market value included in the inventories as of June 30, 2015 and June 30, 2014 totaled \$3.3 million and \$3.3 million, respectively.

While the premium component included in inventories is marked-to-market, our commemorative coin inventory, including its premium component, is held at the lower of cost or market, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. Unlike our bullion coins, the value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Additionally, neither the commemorative coin inventory nor the premium component of our inventory is hedged. As of June 30, 2015 and June 30, 2014, our commemorative coin inventory totaled \$1.5 million and \$2.6 million, respectively.

Inventories include amounts borrowed from suppliers under arrangements to purchase precious metals on an unallocated basis. Unallocated or pool metal represents an unsegregated inventory position that is due on demand, in a specified physical form, based on the total ounces of metal held in the position. Amounts under these arrangements require delivery either in the form of precious metals or cash. Corresponding obligations related to liabilities on borrowed metals are reflected on the consolidated balance sheets and totaled \$9.5 million and \$8.7 million as of June 30, 2015 and June 30, 2014, respectively. The Company mitigates market risk of its physical inventories and open commitments through commodity hedge transactions (see [Note 12](#).)

Inventory includes amounts for obligations under product financing agreement. A-Mark entered into a product financing agreement for the transfer and subsequent reacquisition of gold and silver at a fixed price to a third party finance company. This inventory is restricted and is held at a custodial storage facility in exchange for a financing fee, by the third party finance company. During the term of the financing, the third party finance company holds the inventory as collateral, and both parties intend to return the inventory to A-Mark at an agreed-upon price based on the spot price on the finance arrangement termination date, pursuant to the guidance in ASC 470-40 *Product Financing Arrangements*. The third party charges a monthly fee as percentage of the market value of the outstanding obligation; such monthly charge is classified in interest expense. These transactions do not qualify as sales and therefore have been accounted for as financing arrangements and reflected in the consolidated balance sheet within product financing arrangement. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing and the underlying inventory are carried at fair value, with changes in fair value included in cost of sales in the consolidated statements of income. Such obligation totaled \$39.4 million and \$24.6 million as of June 30, 2015 and June 30, 2014, respectively.

The Company periodically loans metals to customers on a short-term consignment basis, charging interest fees based on the value of the metal loaned. Inventories loaned under consignment arrangements to customers as of June 30, 2015 and June 30, 2014 totaled \$5.6 million and \$11.1 million, respectively. Such inventories are removed at the time the customer elects to price and purchase the metals, and the Company records a corresponding sale and receivable. Substantially all inventory loaned under consignment arrangements are collateralized for benefit of the Company.

The Company enters into arrangements with certain customers under which A-Mark purchases precious metals products that are subject to repurchase by the customer at the fair value of the product on the repurchase date. The Company or the counterparty may typically terminate any such arrangement with 14 days' notice. Upon termination the customer's rights to repurchase any remaining inventory is forfeited. As of June 30, 2015 and June 30, 2014, included within inventory is \$49.1 million and \$27.7 million of precious metals products subject to repurchase.

Goodwill and Other Purchased Intangible Assets

We evaluate goodwill and other indefinite life intangibles for impairment annually in the fourth quarter of the fiscal year (or more frequently if indicators of potential impairment exist) in accordance with the *Intangibles - Goodwill and Other* Topic 350 of the ASC. Other finite life intangible assets are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be recoverable. We may first qualitatively assess whether relevant events and circumstances make it more likely than not that the fair value of the reporting unit's goodwill is less than its carrying value. If, based on this qualitative assessment, we determine that goodwill is more likely than not to be impaired, a two-step impairment test is performed. This first step in this test involves comparing the fair value of each reporting unit to its carrying value, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step in the test is performed, which is measurement of the impairment loss. The impairment loss is calculated by comparing the implied fair value of goodwill, as if the reporting unit has been acquired in a business combination, to its carrying amount. In accordance with ASU No. 2011-08, we performed a qualitative assessment on our goodwill, totaling \$4.9 million, and determined no impairment was necessary as of June 30, 2015.

We utilize the discounted cash flow method to determine the fair value of the Company. In calculating the implied fair value of the Company's goodwill, the present value of the Company's expected future cash flows is allocated to all of the other

assets and liabilities of the Company based on their fair values. The excess of the present value of the Company's expected future cash flows over the amount assigned to its other assets and liabilities is the implied fair value of goodwill.

Estimates critical to these calculations include projected future cash flows, discount rates, royalty rates, customer attrition rates and foreign exchange rates. Imprecision in estimating unobservable market inputs can impact the carrying amount of assets on the balance sheet. Furthermore, while we believe our valuation methods are appropriate, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different estimate of fair value at the reporting date.

Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our provision for income taxes in each of the tax jurisdictions in which we conduct business, in accordance with the *Income Taxes* Topic 740 of the ASC. We compute our annual tax rate based on the statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we earn income. Significant judgment is required in determining our annual tax rate and in evaluating uncertainty in its tax positions. We recognize a benefit for tax positions that we believe will more likely than not be sustained upon examination. The amount of benefit recognized is the largest amount of benefit that we believe has more than a 50% probability of being realized upon settlement. We regularly monitor our tax positions and adjust the amount of recognized tax benefit based on our evaluation of information that has become available since the end of our last financial reporting period. The annual tax rate includes the impact of these changes in recognized tax benefits. The difference between the amount of benefit taken or expected to be taken in a tax return and the amount of benefit recognized for financial reporting represents unrecognized tax benefits. These unrecognized tax benefits are presented in the consolidated balance sheet principally within accrued liabilities. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. Significant judgment is applied when assessing the need for valuation allowances. Areas of estimation include our consideration of future taxable income and ongoing prudent and feasible tax planning strategies.

Should a change in circumstances lead to a change in judgment about the utilization of deferred tax assets in future years, we would adjust related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income. Changes in recognized tax benefits and changes in valuation allowances could be material to our results of operations for any period, but is not expected to be material to our consolidated financial position.

We account for uncertainty in income taxes under the provisions of Topic 740 of the ASC. These provisions clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribe a recognition threshold and measurement criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions also provide guidance on de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition. The potential interest and/or penalties associated with an uncertain tax position are recorded in provision for income taxes on the consolidated statements of income. Please refer to [Note 9](#) to the accompanying consolidated financial statements for further discussion regarding these provisions.

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. The factors used to assess the likelihood of realization include our forecast of the reversal of temporary differences, future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in our effective tax rate on future earnings.

Based on our assessment it appears more likely than not that most of the net deferred tax assets will be realized through future taxable income. Management has established a valuation allowance against the deferred taxes related to certain net operating loss carryovers. Management believes the utilization of these losses may be limited. We will continue to assess the need for a valuation allowance for our remaining deferred tax assets in the future.

The Company's consolidated financial statements recognized the current and deferred income tax consequences that result from the Company's activities during the current and preceding periods, as if the Company were a separate taxpayer prior to the date of the Distribution rather than a member of the Former Parent's consolidated income tax return group. Current tax receivable reflects balances due from the Former Parent for the Company's share of the income tax assets of the group.

Following the Distribution, the Company files federal and state income tax filings that are separate from the SGI tax filings. The Company recognizes current and deferred income taxes as a separate taxpayer for periods ending after the date of Distribution.

RECENT ACCOUNTING PRONOUNCEMENTS

For a description of accounting changes and recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see [Note 2](#) – Summary of Significant Accounting Policies in Part II, Item 8 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS

Index to the Consolidated Financial Statements

	Page
Management's Assessment of Internal Control Over Financial Reporting	31
Reports of Independent Registered Public Accounting Firm	32
Consolidated Balance Sheets as of June 30, 2015 and June 30, 2014	34
Consolidated Statements of Income for the Years Ended June 30, 2015 and 2014	35
Consolidated Statements of Stockholders' Equity for the Years Ended June 30, 2015 and 2014	36
Consolidated Statements of Cash Flows for the Years Ended June 30, 2015 and 2014	37
Notes to Consolidated Financial Statements	38
Note 1. Description of Business	38
Note 2. Summary of Significant Accounting Policies	39
Note 3. Assets and Liabilities, at Fair Value	47
Note 4. Receivables	50
Note 5. Inventories	54
Note 6. Property and Equipment	55
Note 7. Goodwill and Intangible Assets	55
Note 8. Accounts Payable	56
Note 9. Income Taxes	56
Note 10. Related Party Transactions	60
Note 11. Financing Agreements	61
Note 12. Hedging Transactions	62
Note 13. Commitments and Contingencies	65
Note 14. Stockholders' Equity	66
Note 15. Customer and Supplier Concentrations	72
Note 16. Geographic Information	73
Note 17. Subsequent Events	74

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The financial statements were prepared by management, which is responsible for their integrity and objectivity and for establishing and maintaining adequate internal controls over financial reporting.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

Management assessed the design and effectiveness of the Company's internal control over financial reporting as of June 30, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework* (2013 framework). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of June 30, 2015 based on criteria in *Internal Control—Integrated Framework* issued by the COSO.

Grant Thornton LLP, independent registered public accounting firm, has audited the financial statements of the Company as of June 30, 2015. Under Rule 12b-2 and Section 404 of the Sarbanes-Oxley Act, the Company is not required to provide an attestation report from a registered public accounting firm of its internal control over financial reporting for as of June 30, 2015.

A-Mark Precious Metals, Inc.

September 24, 2015

The Board of Directors and Stockholders'
A-Mark Precious Metals, Inc.

We have audited the accompanying consolidated balance sheet of A-Mark Precious Metals, Inc. and subsidiaries (collectively, the "Company"), as of June 30, 2015, and the related consolidated statements of income, stockholders' equity, and cash flows for the year ended June 30, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A-Mark Precious Metals, Inc. and subsidiaries as of June 30, 2015 and the results of their operations and their cash flows for the year ended June 30, 2015 in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

September 24, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
A-Mark Precious Metals, Inc.
Santa Monica, California

We have audited the accompanying consolidated balance sheet of A-Mark Precious Metals, Inc. as of June 30, 2014 and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of A-Mark Precious Metals, Inc. at June 30, 2014, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP
Costa Mesa, California

September 26, 2014

A-MARK PRECIOUS METALS, INC.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

	June 30,	2015	2014
ASSETS			
Current assets:			
Cash	\$	20,927	\$ 13,193
Receivables, net		90,055	102,824
Inventories:			
Inventories		152,076	150,944
Restricted inventories		39,425	24,610
		191,501	175,554
Income taxes receivable		7,846	—
Income taxes receivable from Former Parent		1,095	3,139
Prepaid expenses and other assets		1,202	613
Total current assets		312,626	295,323
Property and equipment, net		2,850	1,678
Goodwill		4,884	4,884
Intangibles, net		2,369	2,753
Long-term receivables		650	—
Long-term investments		2,500	500
Deferred tax assets - non-current		23	—
Total assets	\$	325,902	\$ 305,138
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Lines of credit	\$	147,000	\$ 135,200
Liability on borrowed metals		9,500	8,709
Product financing arrangement		39,425	24,610
Accounts payable		68,536	77,426
Accrued liabilities		5,330	6,070
Income taxes payable		—	2,178
Deferred tax liability - current		149	1,456
Total current liabilities		269,940	255,649
Deferred tax liabilities		—	33
Total liabilities		269,940	255,682
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of June 30, 2015 and June 30, 2014		—	—
Common Stock, par value \$0.01; 40,000,000 authorized; 6,973,549 and 6,962,742 issued and outstanding as of June 30, 2015 and June 30, 2014, respectively		70	70
Additional paid-in capital		22,470	22,317
Accumulated other comprehensive income		—	—
Retaining earnings		33,422	27,069
Total stockholders' equity		55,962	49,456
Total liabilities and stockholders' equity	\$	325,902	\$ 305,138

See accompanying [Notes to Consolidated Financial Statements](#)

A-MARK PRECIOUS METALS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share and per share data)

	Years Ended June 30,	2015	2014
Revenues	\$	6,070,234	\$ 5,979,354
Cost of sales		6,045,736	5,951,913
Gross profit		24,498	27,441
Selling, general and administrative expenses		(17,131)	(15,570)
Interest income		6,073	5,592
Interest expense		(4,311)	(3,926)
Unrealized gains (losses) on foreign exchange		19	(6)
Net income before provision for income taxes		9,148	13,531
Provision for income taxes		(2,097)	(5,272)
Net income	\$	7,051	\$ 8,259
Basic and diluted income per share:			
Basic - net income	\$	1.01	\$ 1.10
Diluted - net income	\$	1.00	\$ 1.09
Weighted average shares outstanding:			
Basic		6,962,800	7,530,300
Diluted		7,062,600	7,590,400

See accompanying [Notes to Consolidated Financial Statements](#)

A-MARK PRECIOUS METALS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share data)

	Common Stock (Shares)	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
Balance, June 30, 2013	7,402,664	74	24,370	28,810	53,254
Net income	—	—	—	8,259	8,259
Share-based compensation	—	—	194	—	194
Release of restricted stock units	15,582	—	—	—	—
Repurchase and retirement of restricted stock units for payroll taxes	(4,549)	—	(53)	—	(53)
Cancellation of shares by Former Parent	(71,922)	—	—	—	—
Repurchase common stock	(379,033)	(4)	(2,194)	—	(2,198)
Dividends declared	—	—	—	(10,000)	(10,000)
Balance, June 30, 2014	6,962,742	\$ 70	\$ 22,317	\$ 27,069	\$ 49,456
Net income	—	—	—	7,051	7,051
Share-based compensation	—	—	253	—	253
Release of restricted stock units	20,377	—	—	—	—
Repurchase and retirement of restricted stock units for payroll taxes	(9,570)	—	(100)	—	(100)
Dividends declared	—	—	—	(698)	(698)
Balance, June 30, 2015	6,973,549	\$ 70	\$ 22,470	\$ 33,422	\$ 55,962

See accompanying [Notes to Consolidated Financial Statements](#)

A-MARK PRECIOUS METALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)

	Years Ended June 30,	2015	2014
Cash flows from operating activities:			
Net Income	\$	7,051	\$ 8,259
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization		895	934
Deferred income taxes		(1,364)	6,930
Interest added to principal of secured loans		(212)	(476)
Share-based compensation		253	194
Loss on sale of property and equipment		41	—
Changes in assets and liabilities:			
Receivables		20,224	14,282
Secured loans to Former Parent		2,562	(2,562)
Income tax receivable		(7,846)	—
Inventories		(15,947)	(13,176)
Prepaid expenses and other current assets		(589)	(126)
Accounts payable		(8,890)	(8,584)
Liabilities on borrowed metals		791	(11,408)
Accrued liabilities		(740)	(531)
Receivable from/ payables to Former Parent		2,044	(12,659)
Income taxes payable		(2,178)	2,178
Net cash used in operating activities		(3,905)	(16,745)
Cash flows from investing activities:			
Capital expenditures for property and equipment		(1,784)	(1,011)
Proceeds from the sale of property and equipment		60	—
Purchase of cost method investment		(2,000)	(500)
Secured loans, net		(10,454)	(4,121)
Net cash used in investing activities		(14,178)	(5,632)
Cash flows from financing activities:			
Product financing arrangement, net		14,815	(13,944)
Dividends paid		(698)	(10,000)
Borrowings under lines of credit, net		11,800	40,200
Retirement of repurchased Afinsa and Auctentia common stock and interest in A-Mark Precious Metals, Inc.		—	(2,198)
Repurchase and retirement of restricted stock for payroll taxes		(100)	(53)
Net cash provided by financing activities		25,817	14,005
Net increase (decrease) in cash and cash equivalents		7,734	(8,372)
Cash and cash equivalents, beginning of period		13,193	21,565
Cash and cash equivalents, end of period	\$	20,927	\$ 13,193
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest expense	\$	4,141	\$ 3,908
Income taxes	\$	12,883	\$ 7,667
Non-cash investing and financing activities:			

Interest added to principal of secured loans	\$ 212	\$ 476
Secured loans received in satisfaction of customer receivable	\$ —	\$ 12,800

See accompanying [Notes to Consolidated Financial Statements](#)

**A-MARK PRECIOUS METALS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. DESCRIPTION OF BUSINESS

A-Mark Precious Metals, Inc. and its subsidiaries ("A-Mark" or the "Company") is a full-service precious metals trading company. Its products include gold, silver, platinum and palladium for storage and delivery primarily in the form of coins, bars, wafers and grain. The Company's trading-related services include financing, consignment, logistics, hedging and various customized financial programs.

Through its wholly owned subsidiary, Collateral Finance Corporation ("CFC"), a licensed California Finance Lender, the Company offers loans on precious metals, rare coins and other collectibles collateral to coin dealers, collectors and investors. Through its wholly owned subsidiary, A-Mark Trading AG ("AMTAG"), the Company promotes A-Mark bullion products throughout the European continent. Transcontinental Depository Services ("TDS"), also a wholly owned subsidiary of the Company, offers worldwide storage solutions to institutions, dealers and consumers.

The Company recently formed a wholly-owned subsidiary, A-M Global Logistics, LLC ("Logistics"), which operates the Company's logistics fulfillment center based in Las Vegas, Nevada. Logistics provides our customers an array of complementary services, including storage, shipping, handling, receiving, processing, and inventorying of precious metals and custom coins on a secure basis.

Spinoff from Spectrum Group International, Inc.

The Company filed a registration statement on Form S-1 in connection with the distribution (the "Distribution") by Spectrum Group International, Inc. ("SGI" or the "Former Parent") to its stockholders of all the outstanding shares of common stock of the Company, par value \$0.01 per share. The registration statement was declared effective by the Securities and Exchange Commission ("SEC") on February 11, 2014. On March 11, 2014, the Company filed a Form 8-A with the SEC to register its shares of common stock under Section 12(b) of the Securities Exchange Act of 1934, as amended. The Distribution, which effected a spinoff of the Company from SGI, was made on March 14, 2014 to SGI stockholders of record on February 12, 2014. On the Distribution date, stockholders of SGI received one share of A-Mark common stock for each four shares of SGI common stock held.

As a result of the Distribution, the Company became a publicly traded company independent from SGI. On March 17, 2014, A-Mark's shares of common stock commenced trading on the NASDAQ Global Select Market under the symbol "AMRK." An aggregate of 7,402,664 shares of A-Mark common stock were distributed in the Distribution. All share and per share information has been retrospectively adjusted to give effect to the Distribution, determined based on the Former Parent's common shares outstanding for the periods presented prior to the Distribution multiplied by distribution ratio of one share of the Company's common stock for every four shares of the Former Parent's common stock, and determined based on A-Mark's common shares outstanding after the Distribution.

Subsequent to the Distribution, SGI informed the Company that an aggregate of 71,922 shares of A-Mark's common stock should not have been distributed because the SGI shares with respect to which those shares were distributed had been incorrectly classified as outstanding. Accordingly, effective as of March 14, 2014, those 71,922 shares were canceled and returned to the status of authorized but unissued stock.

In connection with the spinoff, the Company entered into various agreements with SGI, each effective as of March 14, 2014. These agreements are described below.

Distribution Agreement

The Distribution Agreement (the "Distribution Agreement") set forth the principal actions to be taken in connection with the Distribution and also governs our ongoing relationship with SGI following the Distribution.

- *A-Mark-SGI Arrangements.* All agreements, arrangements, commitments and understandings, including most intercompany accounts payable or accounts receivable, between us and our subsidiaries and other affiliates, on the one hand, and SGI and its other subsidiaries and other affiliates, on the other hand, terminated effective as of the Distribution, except certain agreements and arrangements that we and SGI expressly provided will survive the Distribution.
- *The Distribution: Conditions.* The Distribution Agreement governed the rights and obligations of the parties regarding the proposed Distribution and set forth the conditions that must be satisfied or waived by SGI in its sole discretion.
- *Exchange of Information.* The Company and SGI have agreed to provide each other with access to information in the other party's possession or control owned by such party and created prior to the Distribution date, or as may be reasonably necessary to comply with reporting, disclosure, filing or other requirements of any national securities exchange or governmental authority, for use in judicial, regulatory, administrative and other proceedings and to satisfy audit, accounting, litigation and other similar requests. The Company and SGI have also agreed to retain such information in

accordance with our respective record retention policies as in effect on the date of the Distribution Agreement, but in no event for fewer than seven years from the Distribution date. Until the end of the first full fiscal year following the Distribution, each party has also agreed to use its reasonable best efforts to assist the other with respect to its financial reporting and audit obligations.

- Release of Claims. The Company and SGI agreed to broad releases pursuant to which we released the other and its affiliates, successors and assigns and their respective shareholders, directors, officers, agents and employees from any claims against any of them that arise out of or relate to events, circumstances or actions occurring or failing to occur or any conditions existing at or prior to the time of the Distribution. These releases are subject to certain exceptions set forth in the Distribution Agreement.
- Indemnification. The Company and SGI agreed to indemnify each other and each other's current and former directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing against certain liabilities in connection with the Distribution and each other's respective businesses.

Tax Separation Agreement

The tax separation agreement (the "Tax Separation Agreement") with SGI governs the respective rights, responsibilities and obligations of SGI and us with respect to, among other things, liabilities for U.S. federal, state, local and other taxes. In addition to the allocation of tax liabilities, the Tax Separation Agreement addresses the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Under the terms of the Tax Separation Agreement, SGI has the responsibility to prepare and file tax returns for tax periods ending prior to the Distribution date and for tax periods which include the Distribution date but end after the Distribution date, which will include A-Mark and its subsidiaries.

These tax returns will be prepared on a basis consistent with past practices. A-Mark has agreed to cooperate in the preparation of these tax returns and have an opportunity to review and comment on these returns prior to filing. A-Mark will pay all taxes attributable to A-Mark and its subsidiaries, and will be entitled to any refund with respect to taxes it has paid.

Secondment Agreement

Under the terms of the secondment agreement (the "Secondment Agreement"), A-Mark has agreed to make Gregory N. Roberts, our Chief Executive Officer, and Carol Meltzer, our Executive Vice President, General Counsel and Secretary, available to SGI for the performance of specified management and professional services following the spinoff in exchange for an annual secondment fee of \$150,000 (payable monthly) and reimbursement of certain bonus payments.

Neither Mr. Roberts nor Ms. Meltzer will devote more than 20% of their professional working time on a monthly basis to SGI and in no event will the performance of services for SGI interfere with the performance of the duties and responsibilities of Mr. Roberts and Ms. Meltzer to A-Mark. In addition, the services to be provided under the Secondment Agreement, both Mr. Roberts and Ms. Meltzer are expected to serve as officers and directors of SGI following the spinoff. The Secondment Agreement will terminate on June 30, 2016 and is subject to earlier termination under certain circumstances. Under the Secondment Agreement, SGI will be obligated to reimburse A-Mark for the portion of the performance bonus payable under Mr. Roberts' employment agreement with A-Mark (to be effective at the time of the spinoff) attributable to pre-tax profits of SGI.

Equity Awards

Holders of share-based awards denominated in and settleable by delivery of shares of Former Parent's common stock received share-based awards denominated in and settleable by delivery of shares of the Company's common stock based on the exchange ratio of one to 4.17, for which the ratio was based on the three-day-average closing stock price of SGI prior to the Distribution compared to the three-day-average closing stock price of A-Mark after the Distribution. This formula, which was selected because it measured the aggregate intrinsic value of each Former Parent equity award immediately before the spinoff (by reference to Former Parent's share prices), and provided for the grant of a replacement A-Mark equity award with substantially the same aggregate intrinsic value immediately after the spinoff (by reference to A-Mark share prices), was different from the ratio of one share of the Company's common stock for every four shares of the Former Parent's common stock used in the spinoff.

As a result, the Company issued 130,646 restricted stock units, 8,990 stock appreciation rights ("SARs") and options to purchase 249,846 shares of common stock. The shares subject to A-Mark equity awards issued as a result of the adjustments described above were not drawn from A-Mark's 2014 Stock Award and Incentive Plan; instead, such shares were issued and/or delivered based on A-Mark's assumption of the rights and obligations under the SGI equity compensation plans pursuant to which the pre-distribution SGI awards were granted and related SGI award agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements reflect the financial condition, results of operations, and cash flows of the Company, and were prepared using accounting principles generally accepted in the United States ("U.S. GAAP"). The Company operated in one segment for all periods presented.

These consolidated financial statements include the accounts of A-Mark, and its wholly owned subsidiaries, CFC, AMTAG, Logistics and TDS (collectively the "Company"). All significant inter-company accounts and transactions have been eliminated in consolidation. The consolidated statements of income include all revenues and costs attributable to the Company's operations, including costs for certain functions and services performed by SGI and directly charged or allocated based on usage or other systematic methods. The allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted if the Company's operations had been operated as a separate stand-alone entity. Allocations for inter-company shared service expense are made on a reasonable basis to approximate market costs for such services; these allocations are only applicable for periods prior to the spinoff. Management believes the allocation methods are reasonable.

Reclassifications

Certain previously reported amounts have been reclassified to conform to the current fiscal year's consolidated financial statement presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. These estimates include, among others, determination of fair value, and allowances for doubtful accounts, impairment assessments of long-lived assets and intangible assets, valuation reserve determination on deferred tax assets, and revenue recognition judgments. Significant estimates also include the Company's fair value determination with respect to its financial instruments and precious metals materials. Actual results could materially differ from these estimates.

Concentration of Credit Risk

Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances.

Assets that potentially subject the Company to concentrations of credit risk consist principally of receivables, loans of inventory to customers, and inventory hedging transactions. Concentration of credit risk with respect to receivables is limited due to the large number of customers composing the Company's customer base, the geographic dispersion of the customers, and the collateralization of substantially all receivable balances. Based on an assessment of credit risk, the Company typically grants collateralized credit to its customers. The Company enters into inventory hedging transactions, principally utilizing metals commodity futures contracts traded on national futures exchanges or forward contracts with credit worthy financial institutions. Credit risk with respect to loans of inventory to customers is minimal; substantially all inventories loaned under consignment arrangements are collateralized for the benefit of the Company. All of our commodity derivative contracts are under master netting arrangements and include both asset and liability positions. Substantially all of these transactions are secured by the underlying metals positions.

Foreign Currency

The functional currency of the Company is the United States dollar ("USD"). Also, the functional currency of the Company's wholly-owned foreign subsidiary, AMTAG, is USD, but it maintains its books of record in Euros. The Company remeasures the financial statements of AMTAG into USD. The remeasurement of local currency amounts into USD creates remeasurement gains and losses, which are included in the consolidated statements of income.

To manage the effect of foreign currency exchange fluctuations, the Company utilizes foreign currency forward contracts. These derivatives generate gains and losses when they are settled and/or when they are marked to market. The change in the value in the derivative instruments is shown on the face of the consolidated statements of income as unrealized net gains (losses) on foreign exchange.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents.

Inventories

Inventories principally include bullion and bullion coins and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: (1) published market values attributable to the costs of the raw precious metal, and (2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources.

The Company's inventories, except for certain lower of cost or market basis products (as discussed below), are subsequently recorded at their fair market values, that is, "marked-to-market". The daily changes in the fair market value of our inventory are offset by daily changes in the fair market value of hedging derivatives that are taken with respect to our inventory positions; both the change in the fair market value of the inventory and the change in the fair market value of these derivative instruments are recorded in cost of sales in the consolidated statements of income.

While the premium component included in inventories is marked-to-market, our commemorative coin inventory, including its premium component, is held at the lower of cost or market, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. Unlike our bullion coins, the value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Neither the commemorative coin inventory nor the premium component of our inventory is hedged (see [Note 5](#).)

Property and Equipment and Depreciation

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using a straight line method based on the estimated useful lives of the related assets, ranging from three years to five years.

Goodwill and Purchased Intangible Assets

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

Goodwill and other indefinite life intangibles are evaluated for impairment annually in the fourth quarter of the fiscal year (or more frequently if indicators of potential impairment exist) in accordance with the *Intangibles - Goodwill and Other* Topic 350 of the Accounting Standards Codification ("ASC.") Other purchased intangible assets continue to be amortized over their useful lives and are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be recoverable. The Company may first qualitatively assess whether relevant events and circumstances make it more likely than not that the fair value of the reporting unit's goodwill is less than its carrying value. If, based on this qualitative assessment, management determines that goodwill is more likely than not to be impaired, the two-step impairment test is performed. This first step in this test includes comparing the fair value of each reporting unit to its carrying value, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step in the test is performed, which is measurement of the impairment loss. The impairment loss is calculated by comparing the implied fair value of goodwill, as if the reporting unit has been acquired in a business combination, to its carrying amount. As of June 30, 2015 and June 30, 2014, the Company had no impairments.

If the Company determines it will quantitatively assess impairment, the Company utilizes the discounted cash flow method to determine the fair value of each of its reporting units. In calculating the implied fair value of the reporting unit's goodwill, the present value of the reporting unit's expected future cash flows is allocated to all of its other assets and liabilities of that unit based on their fair values. The excess of the present value of the reporting unit's expected future cash flows over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. In calculating the implied value of the Company's trade names, the Company uses the present value of the relief from royalty method.

Amortizable intangible assets are being amortized on a straight-line basis which approximates economic use, over periods ranging from four years to fifteen years. The Company considers the useful life of the trademarks to be indefinite. The Company tests the value of the trademarks and trade name annually for impairment.

Long-Lived Assets

Long-lived assets, other than goodwill and purchased intangible assets with indefinite lives are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be recoverable. In evaluating impairment, the carrying value of the asset is compared to the undiscounted estimated future cash flows expected to result from the use of the asset and its eventual disposition. An impairment loss is recognized when estimated future cash flows are less than the carrying amount. Estimates of future cash flows may be internally developed or based on independent appraisals and significant judgment is applied to make the estimates. Changes in the Company's strategy, assumptions and/or market conditions could significantly impact these judgments and require adjustments to recorded amounts of long-lived assets. As of June 30, 2015 and June 30, 2014, management concluded that an impairment write-down was not required.

Investments

Investments into ownership interest in noncontrolled entities that do not have readily determinable fair values (i.e., non-marketable equity securities) under *Cost Method Investments* Topic 325-20 of the ASC are initially recorded at cost. Income is recorded for dividends received that are distributed from net accumulated earnings of the noncontrolled entity subsequent to the date of investment. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions in the cost of the investment. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred. The Company assesses all cost-method investments for impairment quarterly. Below is a summary of the Company's cost-method investments.

On February 18, 2014, the Company purchased 2.5% of issued and outstanding Class A common stock of a nonpublic company, who is a customer of A-Mark, for \$0.5 million. On September 19, 2014, the Company entered into an agreement with a separate nonpublic company, also a customer of A-Mark, to purchase up to 9% of its issued and outstanding common stock, on a fully diluted basis, in two tranches, for an aggregate purchase price of \$2.0 million. The closing of the first tranche of the second transaction, for 5% of the retailer's issued and outstanding common stock at a purchase price equal to \$1.1 million, took place on September 19, 2014. The closing of the second tranche of the second transaction, for 4% of this company's issued and outstanding common stock took place on April 1, 2015, at a purchase price equal to \$0.9 million.

In connection with both transactions, the Company entered into exclusive supplier agreements, pursuant to which the customers will purchase all bullion products required for their respective businesses exclusively from A-Mark for a period of 5.0 years and 3.0 years, respectively (subject to renewal and earlier termination under certain circumstances). In the case of the second transaction, A-Mark will continue to provide fulfillment services to this customer under the terms of a previously existing fulfillment agreement. The Company initially had the right to appoint, and did appoint, a board member to each customer's boards of directors. During the fourth quarter of fiscal 2015, the operative agreements were amended to provide that the Company has the right instead to designate a board observer, who is entitled to attend, in a nonvoting observer capacity, all meetings of each company's board of directors and all committees thereof. Also during the fourth quarter of fiscal 2015, the Company's former board designee resigned as a member of both boards of directors.

As of June 30, 2015, the aggregate carrying amount of the Company's cost-method investments was \$2.5 million. There were no identifiable events or changes in circumstances that may have had a significant adverse effect on the fair value. As a result, no impairment loss was recorded, nor were any dividends received during the years ended June 30, 2015 and 2014.

As of June 30, 2015, the aggregate balance of payables due to and the aggregate balance of receivables due from these entities totaled \$21.7 million and \$22.1 million, respectively. Included in the receivable balance at June 30, 2015 was a \$0.9 million secured loan, of which \$0.7 million is presented on the consolidated balance sheet as long-term receivables. As of June 30, 2014, the aggregate balance of payables due to and the aggregate balance of receivables due from these entities totaled \$3.5 million and \$2.6 million, respectively. There was no secured loan balance with these entities at June 30, 2014.

For the year ended June 30, 2015 the Company had aggregate sales of \$485.5 million and aggregate purchases of \$0.9 million, respectively, with these entities. For the year ended June 30, 2014 the Company had aggregate sales of \$220.7 million and aggregate purchases of \$2.0 million, respectively, with these entities.

Fair Value Measurement

The *Fair Value Measurements and Disclosures* Topic 820 of the ASC ("ASC 820"), creates a single definition of fair value for financial reporting. The rules associated with ASC 820 state that valuation techniques consistent with the market approach, income approach and/or cost approach should be used to estimate fair value. Selection of a valuation technique, or multiple valuation techniques, depends on the nature of the asset or liability being valued, as well as the availability of data (see [Note 3.](#))

Revenue Recognition

Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, no obligations remain and collection is probable. The Company records sales of precious metals, which occurs upon receipt by the customer. The Company records revenues from its metal assaying and melting services after the related services are

completed and the effects of forward sales contracts are reflected in revenue at the date the related precious metals are delivered or the contracts expire. The Company records revenues from its storage and logistics services after the related services are completed.

The Company accounts for its metals and sales contracts using settlement date accounting. Pursuant to such accounting, the Company recognizes the sale or purchase of the metals at settlement date. During the period between trade and settlement date, the Company has essentially entered into a forward contract that meets the definition of a derivative in accordance with the *Derivatives and Hedging* Topic 815 of the ASC. The Company records the derivative at the trade date with a corresponding unrealized gain (loss), which is reflected in the cost of sales in the consolidated statements of income. The Company adjusts the derivatives to fair value on a daily basis until the transaction is physically settled. Sales which are physically settled are recognized at the gross amount in the consolidated statements of income.

Interest Income

The Company uses the effective interest method to recognize interest income on its secured loans and secured financing transactions. For these arrangements, the Company maintains a security interest in the precious metals and records interest income over the terms of the receivable. Recognition of interest income is suspended and the loan is placed on non-accrual status when management determines that collection of future interest income is not probable. The interest income accrual is resumed, and previously suspended interest income is recognized, when the loan becomes contractually current and/or collection doubts are removed. Cash receipts on impaired loans are recorded first against the receivable and then to any unrecognized interest income (see [Note 4](#).)

Interest Expense

The Company incurs interest expense and related fees as a result of usage under its lines of credit, product financing arrangements and liability on borrowed metals.

The Company incurs interest expense based on usage under its Trading Credit Facility recording interest expense using the effective interest method.

The Company incurs financing fees (classified as interest expense) as a result of its product financing arrangements for the transfer and subsequent re-acquisition of gold and silver at a fixed price to a third party finance company. During the term of this type of financing agreement, a third party finance company holds the Company's inventory as collateral, with the intent to return the inventory to the Company at an agreed-upon price based on the spot price on the finance arrangement termination date, pursuant to the guidance in *Product Financing Arrangements* Topic 470-40 of the ASC. The third party charges a monthly fee as percentage of the market value of the outstanding obligation. In addition, the Company incurs a financing fee related to custodial storage facility charges related to the transferred collateral inventory; this collateral is classified as restricted inventory on our consolidated balance sheets.

Additionally, the Company incurs interest expense when we borrow precious metals from our suppliers under short-term arrangements, which bear interest at a designated rate. Amounts under these arrangements are due at maturity and require repayment either in the form of precious metals or cash. This liability is reflected in the consolidated balance sheet as liability on borrowed metals.

Derivative Instruments

The Company's inventory consists of precious metals products, and for which the Company regularly enters into commitment transactions to purchase and sell its precious metal products. The value of our inventory and these commitments is intimately linked to the prevailing price of the underlying precious metal commodity. The Company seeks to minimize the effect of price changes of the underlying commodity and enters into inventory hedging transactions, principally utilizing metals commodity futures contracts traded on national futures exchanges or forward contracts with only major credit worthy financial institutions. All of our commodity derivative contracts are under master netting arrangements and include both asset and liability positions. Substantially all of these transactions are secured by the underlying metals positions. Notional balances of the Company's derivative instruments, consisting of contractual metal quantities, are expressed at current spot prices of the underlying precious metal commodity (see in [Note 12](#)).

Commodity futures and forward contract transactions are recorded at fair value on the trade date. The difference between the original contract value and the market value of the open futures and forward contracts are reflected in receivables or payables in the consolidated balance sheet at fair value (see [Note 4](#) and [Note 8](#).)

The Company records the change between market value and trade value of the underlying open commodity contracts as a derivative asset or liability, and the Company correspondingly records the related unrealized gains or losses. The change in unrealized gain (loss) on open commodity contracts from one period to the next is reflected in net gain (loss) on derivative instruments. These unrealized gains and losses are included as a component of cost of sales on the consolidated statements of income. Gains or losses resulting from the termination of commodity contracts are reported as realized gains or losses on commodity contracts, which is recorded as a component of cost of sales on the consolidated statement of income.

The Company enters into derivative transactions solely for the purpose of hedging our inventory holding risk, and not for speculative market purposes. The Company's gains (losses) on derivative instruments are substantially offset by the changes in the fair market value of the underlying precious metals inventory, which is also recorded in cost of sales in the consolidated statements of income (see [Note 12](#).)

Advertising

Advertising costs are expensed as incurred, and are included in selling, general and administrative expenses in the consolidated statements of income. Advertising expense was \$0.6 million and \$0.8 million, respectively, for the years ended June 30, 2015 and 2014.

Shipping and Handling Costs

Shipping and handling costs represent costs associated with shipping product to customers, and receiving product from vendors and are included in cost of sales in the consolidated statements of income. Shipping and handling costs incurred totaled \$7.0 million and \$5.7 million, respectively, for the years ended June 30, 2015 and 2014.

Share-Based Compensation

The Company accounts for equity awards under the provisions of the *Compensation - Stock Compensation* Topic 718 of the ASC ("ASC 718"), which establishes fair value-based accounting requirements for share-based compensation to employees. ASC 718 requires the Company to recognize the grant-date fair value of stock options and other equity-based compensation issued to employees as expense over the service period in the Company's consolidated financial statements.

Certain key employees of the Company participated in Stock Incentive Plans of the Former Parent ("Former Plans"). The Former Plans permitted the grant of stock options and other equity awards to employees, officers and non-employee directors. Prior to the Distribution, the equity awards had been settled in shares of SGI stock and A-Mark did not reimburse SGI for the expense; therefore it was treated as a capital contribution to A-Mark. Following the Distribution, the Company settles share-based awards by the delivery of shares of the Company's common stock.

The equity awards assumed by A-Mark in connection of the spinoff contained substantially identical terms, conditions and vesting schedules as the previously outstanding awards. In accordance with the guidance in ASC 718, the assumption shares qualify as a modification of an equity compensation award. As such, the Company calculated the incremental fair value of the awards immediately prior to and after their modification and determined that there was no positive incremental equity compensation cost that was required to be expensed or amortized. Pertaining to the modified awards of A-Mark's employee and non-employees as of the Distribution date, the Company amortizes the unvested awards based on the fair value and vesting schedule based on the original grant date, as determined by SGI. Pertaining to the modified awards of SGI's employee and non-employees for which A-Mark assumed, the Company does not record compensation expense.

Prior to the Distribution, the Company's Board of Directors ("Board") adopted and the Company's shareholders approved the 2014 Stock Award and Incentive Plan ("2014 Plan"). Under the 2014 Plan, the Company may grant options and other equity awards as a means of attracting and retaining officers, employees, non-employee directors and consultants, to provide incentives to such persons, and to align the interests of such persons with the interests of stockholders by providing compensation based on the value of the Company's stock (see [Note 14](#).)

Income Taxes

As part of the process of preparing its consolidated financial statements, the Company is required to estimate its provision for income taxes in each of the tax jurisdictions in which it conducts business, in accordance with the *Income Taxes* Topic 740 of the ASC ("ASC 740"). The Company computes its annual tax rate based on the statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it earns income. Significant judgment is required in determining the Company's annual tax rate and in evaluating uncertainty in its tax positions. The Company recognizes a benefit for tax positions that it believes will more likely than not be sustained upon examination. The amount of benefit recognized is the largest amount of benefit that the Company believes has more than a 50% probability of being realized upon settlement. The Company regularly monitors its tax positions and adjusts the amount of recognized tax benefit based on its evaluation of information that has become available since the end of its last financial reporting period. The annual tax rate includes the impact of these changes in recognized tax benefits. When adjusting the amount of recognized tax benefits, the Company does not consider information that has become available after the balance sheet date, but does disclose the effects of new information whenever those effects would be material to the Company's consolidated financial statements. The difference between the amount of benefit taken or expected to be taken in a tax return and the amount of benefit recognized for financial reporting represents unrecognized tax benefits. These unrecognized tax benefits are presented in the consolidated balance sheet principally within accrued liabilities.

The Company records valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. Significant judgment is applied when assessing the need for valuation allowances. Areas of estimation include the Company's consideration of future taxable income and ongoing prudent and feasible tax planning strategies. Should a change in circumstances lead to a change in judgment about the utilization of deferred tax assets in future years, the Company would adjust

related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income. Changes in recognized tax benefits and changes in valuation allowances could be material to the Company's results of operations for any period, but is not expected to be material to the Company's consolidated financial position.

The Company accounts for uncertainty in income taxes under the provisions of ASC 740. These provisions clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribe a recognition threshold and measurement criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The provisions also provide guidance on de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition. The potential interest and/or penalties associated with an uncertain tax position are recorded in provision for income taxes on the consolidated statements of income. Please refer to [Note 9](#) for further discussion regarding these provisions.

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. The factors used to assess the likelihood of realization include the Company's forecast of the reversal of temporary differences, future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in the Company's effective tax rate on future earnings.

Based on our assessment it appears more likely than not that most of the net deferred tax assets will be realized through future taxable income. Management has established a valuation allowance against the deferred taxes related to certain state net operating loss carryovers. Management believes the utilization of these losses may be limited. We will continue to assess the need for a valuation allowance for our remaining deferred tax assets in the future.

The Company's consolidated financial statements recognized the current and deferred income tax consequences that result from the Company's activities during the current and preceding periods, as if the Company were a separate taxpayer prior to the date of the Distribution rather than a member of the Former Parent's consolidated income tax return group. Following the Distribution, the Company files federal and state income tax filings that are separate from the Former Parent's tax filings. The Company recognizes current and deferred income taxes as a separate taxpayer for periods ending after the date of Distribution.

Income taxes receivable from Former Parent reflects balances due from the Former Parent for the Company's share of the income tax assets of the group, net of amounts related to federal and state jurisdictions due to taxable income generated as if the Company were a separate taxpaying entity prior to the Distribution.

Earnings per Share ("EPS")

The Company computes and reports both basic EPS and diluted EPS. Basic EPS is computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing net earnings by the sum of the weighted average number of common shares and dilutive common stock equivalents outstanding during the period. Diluted EPS reflects the total potential dilution that could occur from outstanding equity awards, including unexercised stock options, utilizing the treasury stock method.

To determine the weighted average number of common shares outstanding for the periods presented prior to the Distribution, the Former Parent's weighted average number of common shares outstanding was multiplied by distribution ratio of one share of the Company's common stock for every four shares of the Former Parent's common stock. Thereafter, the weighted average number of common shares outstanding was based on the Company's basic and fully diluted share figures.

A reconciliation of shares used in calculating basic and diluted earnings per common shares follows. There is no dilutive effect of SARs, as such obligations are not settled and were out of the money for the years ended June 30, 2015 and 2014.

in thousands

	Years Ended June 30,	2015	2014 ⁽²⁾
Basic weighted average shares outstanding ⁽¹⁾		6,963	7,530
Effect of common stock equivalents — stock issuable under outstanding equity awards		100	60
Diluted weighted average shares outstanding		<u>7,063</u>	<u>7,590</u>

(1) Basic weighted average shares outstanding include the effect of vested but unissued restricted stock grants.

(2) Basic and diluted income per share was based on historical SGI basic and fully diluted share figures through March 14, 2014, the distribution date. Amounts shown were retroactively adjusted to give effect for the share distribution in connection with the spinoff, on the basis of one share of A-Mark stock issued for every four shares of SGI stock held through the distribution date. Thereafter, basic and diluted income per share was based on the Company's basic and fully diluted share figures.

Recent Accounting Pronouncements

In February 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-2, *Consolidation (Topic 820): Amendments to the Consolidation Analysis*. ASU 2015-2 provides a revised consolidation model for all reporting entities to use in evaluating whether they should consolidate certain legal entities. All legal entities will be subject to reevaluation under this revised consolidation model. The revised consolidation model, among other things, (i) modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities, (ii) eliminates the presumption that a general partner should consolidate a limited partnership, and (iii) modifies the consolidation analysis of reporting entities that are involved with VIEs through fee arrangements and related party relationships. ASU 2015-2 is effective for fiscal years, and interim reporting periods within those fiscal years, beginning after December 15, 2015, which will be our fiscal year 2017 (or July 1, 2016). We are still evaluating what impact, if any, this ASU will have on the Company's consolidated financial position, results of operations or cash flows.

In November 2014, the FASB issued ASU No. 2014-16, *Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share is More Akin to Debt or to Equity*. ASU No. 2014-16 clarifies how current guidance should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. In addition, ASU No. 2014-16 clarifies that in evaluating the nature of a host contract, an entity should assess the substance of the relevant terms and features (that is, the relative strength of the debt-like or equity-like terms and features given the facts and circumstances) when considering how to weight those terms and features. The effects of initially adopting ASU No. 2014-16 should be applied on a modified retrospective basis to existing hybrid financial instruments issued in a form of a share as of the beginning of the fiscal year for which the amendments are effective. Retrospective application is permitted to all relevant prior periods. ASU No. 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, which will be our fiscal year 2017 (or July 1, 2016). Early adoption is permitted. We are currently in the process of evaluating the impact of adoption of ASU No. 2014-16 on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU No. 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU No. 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The new standard is effective for the Company beginning July 1, 2018, including interim periods within that reporting period. The FASB also decided that companies could choose to adopt the new standard one year earlier which would have been the original effective date. The new standard is required to be applied retrospectively. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

3. ASSETS AND LIABILITIES, AT FAIR VALUE

Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments as of June 30, 2015 and June 30, 2014.

in thousands

	June 30,	2015		2014	
		Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets:					
Cash	\$	20,927	\$ 20,927	\$ 13,193	\$ 13,193
Receivables, advances receivables and secured loans		79,341	79,341	80,640	80,640
Derivative assets - open sale and purchase commitments, net, included in receivable		1,722	1,722	22,170	22,170
Derivative assets - futures contracts included in receivables		5,363	5,363	—	—
Derivative assets - forward contracts included in receivables		4,279	4,279	14	14
Income taxes receivable from Former Parent		1,095	1,095	3,139	3,139
Financial liabilities:					
Lines of credit	\$	147,000	\$ 147,000	\$ 135,200	\$ 135,200
Liability for borrowed metals		9,500	9,500	8,709	8,709
Product financing obligation		39,425	39,425	24,610	24,610
Derivative liabilities - open sale and purchase commitments, net, included in payables		10,989	10,989	848	848
Derivative liabilities - futures contracts included in payables		—	—	8,078	8,078
Derivative liabilities - forward contracts included in payables		—	—	14,873	14,873
Accounts payable, margin accounts, advances and other payables		57,547	57,547	53,627	53,627
Accrued liabilities		5,330	5,330	6,070	6,070

The fair values of the financial instruments shown in the above table as of June 30, 2015 and June 30, 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Company based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

The carrying amounts of cash and cash equivalents, receivables and secured loans, accounts receivable and consignor advances, and accounts payable approximated fair value due to their short-term nature. The carrying amounts of lines of credit approximate fair value based on the borrowing rates currently available to the Company for bank loans with similar terms and average maturities.

Valuation Hierarchy

Topic 820 of the ASC established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The significant assumptions used determine the carrying fair value and related fair value of the financial instruments are

described below:

Inventory. Inventories principally include bullion and bullion coins and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: 1) published market values attributable to the costs of the raw precious metal, and 2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources. Except for commemorative coin inventory, which are included in inventory at the lower of cost or market, the Company's inventories are subsequently recorded at their fair market values on a daily basis. The fair value for commodities inventory (i.e., inventory excluding commemorative coins) is determined using pricing and data derived from the markets on which the underlying commodities are traded. Precious metals commodities inventory are classified in Level 1 of the valuation hierarchy.

Derivatives. Futures contracts, forward contracts and open sale and purchase commitments are valued at their fair values, based on the difference between the quoted market price and the contractual price (i.e., intrinsic value,) and are included within Level 1 of the valuation hierarchy.

Margin and Borrowed Metals Liabilities. Margin and borrowed metals liabilities consist of the Company's commodity obligations to margin customers and suppliers, respectively. Margin liabilities and borrowed metals liabilities are carried at fair value, which is determined using quoted market pricing and data derived from the markets on which the underlying commodities are traded. Margin and borrowed metals liabilities are classified in Level 1 of the valuation hierarchy.

Product Financing Obligations. Product financing obligations consist of financing agreements for the transfer and subsequent re-acquisition of the sale of gold and silver at a fixed price to a third party. Such transactions allow the Company to repurchase this inventory at an agreed-upon price based on the spot price on the repurchase date. The third party charges monthly interest as a percentage of the market value of the outstanding obligation, which is carried at fair value. The obligation is stated at the amount required to repurchase the outstanding inventory. Fair value is determined using quoted market pricing and data derived from the markets on which the underlying commodities are traded. Product financing obligations are classified in Level 1 of the valuation hierarchy.

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis as of June 30, 2015 and June 30, 2014 aggregated by the level in the fair value hierarchy within which the measurements fall:

	June 30, 2015			
	Quoted Price in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
<i>in thousands</i>				
Assets:				
Inventory ⁽¹⁾	\$ 189,983	\$ —	\$ —	\$ 189,983
Derivative assets — open sale and purchase commitments, net	1,722	—	—	1,722
Derivative assets — futures contracts	5,363	—	—	5,363
Derivative assets — forward contracts	4,279	—	—	4,279
Total assets valued at fair value	<u>\$ 201,347</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 201,347</u>
Liabilities:				
Liability on borrowed metals	\$ 9,500	\$ —	\$ —	\$ 9,500
Product financing arrangement	39,425	—	—	39,425
Liability on margin accounts	6,908	—	—	6,908
Derivative liabilities — open sales and purchase commitments, net	10,989	—	—	10,989
Total liabilities, valued at fair value	<u>\$ 66,822</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 66,822</u>

⁽¹⁾ Commemorative coin inventory totaling \$1.5 million is held at lower of cost or market and is thus excluded from this table.

June 30, 2014

<i>in thousands</i>	Quoted Price in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:				
Inventory ⁽¹⁾	\$ 172,990	\$ —	\$ —	\$ 172,990
Derivative assets — open sale and purchase commitments, net	22,170	—	—	22,170
Derivative assets — forward contracts	14	—	—	14
Total assets, valued at fair value	<u>\$ 195,174</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 195,174</u>
Liabilities:				
Liability on borrowed metals	\$ 8,709	\$ —	\$ —	\$ 8,709
Product financing arrangement	24,610	—	—	24,610
Liability on margin accounts	8,983	—	—	8,983
Derivative liabilities — open sale and purchase commitments, net	848	—	—	848
Derivative liabilities — futures contracts	8,078	—	—	8,078
Derivative liabilities — forward contracts	14,873	—	—	14,873
Total liabilities valued at fair value	<u>\$ 66,101</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 66,101</u>

⁽¹⁾ Commemorative coin inventory totaling \$2.6 million is held at lower of cost or market and is thus excluded from this table.

There were no transfers in or out of Level 2 or 3 during the years ended June 30, 2015 and 2014.

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a nonrecurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only under certain circumstances. These include cost method investments that are written down to fair value when their declines are determined to be other-than-temporary, and long-lived assets or goodwill that are written down to fair value when they are held for sale or determined to be impaired.

Company uses level-three inputs to measure the fair value of its cost method investments on a non-recurring basis. The Company's investments in ownership interests in noncontrolled entities do not have readily determinable fair values and were recorded at cost, \$2.5 million, in aggregate. Quoted prices of the investments are not available, and the cost of obtaining an independent valuation appears excessive considering the materiality of the instruments to the Company. There were no gains or losses recognized in earnings associated with the Company's ownership interests in these noncontrolled entities during the years ended June 30, 2015 and 2014.

Company uses level-three inputs to measure the fair value of goodwill and other intangibles on a non-recurring basis. These assets are measured at cost and are written down to fair value on the annual measurement dates or on the date of a triggering event, if impaired. As of June 30, 2015, there were no indications present that the Company's goodwill or other purchased intangibles were impaired, and therefore were not measured at fair value. There were no gains or losses recognized in earnings associated with the above purchased intangibles during the years ended June 30, 2015 and 2014.

4. RECEIVABLES

Receivables and secured loans consist of the following as of June 30, 2015 and June 30, 2014:

in thousands

	June 30,	2015	2014
Customer trade receivables	\$	11,835	\$ 1,744
Wholesale trade advances		12,164	4,586
Due from brokers		6,056	33,079
Subtotal		30,055	39,409
Secured loans		48,666	41,261
Secured loans (long-term portion)		650	—
Subtotal		79,371	80,670
Less: allowance for doubtful accounts		(30)	(30)
Subtotal		79,341	80,640
Derivative assets — open sale and purchase commitments, net		1,722	22,170
Derivative assets — futures contracts		5,363	—
Derivative assets — forward contracts		4,279	14
Receivables, net	\$	90,705	\$ 102,824

Customer trade receivables. Customer trade receivables represent short-term, non-interest bearing amounts due from precious metal sales and are secured by the related precious metals stored with the Company, a letter of credit issued on behalf of the customer, or other secured interests in assets of the customer.

Wholesale trade advances. Wholesale trade advances represent advances of various bullion products and cash advances to customers. Typically, these advances are: unsecured, short-term, and non-interest bearing, which are made to wholesale metals dealers and government mints.

Due from brokers. Due from brokers principally consists of the margin requirements held at brokers related to open futures contracts (see [Note 12](#)).

Secured loans - originated: Secured loans include short-term loans, which include a combination of on-demand lines and short term facilities, and long-term loans that are made to our customers (i.e., originated secured loans). These loans are fully secured by the customers' assets, that include bullion, numismatic and semi-numismatic material, which are typically held in safekeeping by TDS or CFC, wholly owned subsidiaries of the Company.

Secured loans - acquired: Secured loans also include short-term loans, which include a combination of on-demand lines and short term facilities, that are acquired from our customers. These loans are fully secured by the customers' assets, that include bullion, numismatic and semi-numismatic material, which are held in safekeeping by TDS or CFC, which are wholly owned subsidiaries of the Company.

Below is a summary of the carrying-value of our secured loans as of June 30, 2015 and June 30, 2014:

in thousands

	June 30,	2015	2014
Secured loans originated	\$	36,778	\$ 32,577
Secured loans originated - with a related party		—	2,562
		36,778	35,139
Secured loans acquired		12,538	6,122
Secured loans, total	\$	49,316	\$ 41,261

As of June 30, 2015 and June 30, 2014, our secured loans carried weighted-average effective interest rates of 8.5% and 7.9%, respectively, and mature in periods generally ranging from on-demand to two years.

Below is a summary of the significant secured loans that were modified, assumed or acquired and the financial effects of those agreements.

Arrangements with Customer

- On September 27, 2013, CFC assumed the rights from a borrower/customer to a portfolio of short-term loan receivables totaling \$12.8 million for \$0.4 million and the satisfaction of an existing outstanding loan, totaling \$12.8 million, which was owed to CFC. This transaction resulted in the assignment of the borrower/customer's portfolio of loan receivables to CFC, which are collateralized by the underlying precious metal product of the customers of the borrower/customer. The loan premium is amortized ratably as the loan is paid off. The loans are due on demand with the option to extend maturities for 180 days. As of June 30, 2015, the aggregate carrying value of this loan portfolio was \$2.1 million and the aggregate loan premium was \$0.1 million, related to this transaction. As of June 30, 2014, the aggregate carrying value of this loan portfolio was \$5.8 million and the aggregate loan premium was \$0.3 million.
- On June 5, 2014, CFC assumed the rights to an additional portfolio of short-term loan receivables totaling \$3.8 million for the aggregate principal amount of the loan portfolio. This transaction resulted in the assignment of the customer's portfolio of loan receivables to CFC, which are collateralized by each of the customer's borrowers' underlying precious metals. The customer had retained certain rights to repurchase these loans at a price equal to the then-outstanding principal balance, plus accrued and unpaid interest, but this repurchase right was subsequently rescinded in an amendment entered into in fiscal 2015. Additionally, the customer retains the responsibility for the servicing and administration of the loans. As a result of the terms of this arrangement, the Company reflects this transaction as a financing arrangement with the customer, secured by the portfolio of short-term loan receivables, which is collateralized by precious metal products. As of June 30, 2015 and June 30, 2014, the aggregate carrying value of this loan portfolio was \$0.9 million and \$3.8 million, respectively.
- On July 1, 2014, CFC assumed the rights to an additional portfolio of short-term loan receivables totaling \$3.7 million for the aggregate principal amount of the loan portfolio. This transaction resulted in the assignment of the customer's portfolio of loan receivables to CFC, which are collateralized by each of the customer's borrowers' underlying precious metals. Additionally, the customer retains the responsibility for the servicing and administration of the loans. As of June 30, 2015, the aggregate carrying value of this loan portfolio was \$1.6 million.
- On January 23, 2015, CFC assumed the rights to an additional portfolio of short-term loan receivables totaling \$3.1 million for the aggregate principal amount of the loan portfolio. This transaction resulted in the assignment of the customer's portfolio of loan receivables to CFC, which are collateralized by each of the customer's borrowers' underlying precious metals. Additionally, the customer retains the responsibility for the servicing and administration of the loans. As of June 30, 2015, the aggregate carrying value of this loan portfolio was \$2.5 million.
- On April 1, 2015, CFC assumed the rights to an additional portfolio of short-term loan receivables totaling \$2.4 million for the aggregate principal amount of the loan portfolio. This transaction resulted in the assignment of the customer's portfolio of loan receivables to CFC, which are collateralized by each of the customer's borrowers' underlying precious metals. Additionally, the customer retains the responsibility for the servicing and administration of the loans. As of June 30, 2015, the aggregate carrying value of this loan portfolio was \$2.1 million.
- On June 9, 2015, CFC assumed the rights to an additional portfolio of short-term loan receivables totaling \$4.1 million for the aggregate principal amount of the loan portfolio. This transaction resulted in the assignment of the customer's portfolio of loan receivables to CFC, which are collateralized by each of the customer's borrowers' underlying precious metals. Additionally, the customer retains the responsibility for the servicing and administration of the loans. As of June 30, 2015, the aggregate carrying value of this loan portfolio was \$3.9 million.

Arrangements with Related Party

- On June 18, 2014, CFC assumed the rights to a secured portfolio of short-term loan receivables totaling \$2.6 million from Stack's Bowers Numismatics, LLC ("Stack's Bowers"), a wholly-owned subsidiary of our Former Parent. The Company reflects this transaction as a financing arrangement with the related party, secured by the portfolio of short-term loan receivables, which is collateralized by numismatic and semi numismatic products. As of June 30, 2015 and June 30, 2014, the aggregate carrying value of this loan was \$0.0 million and \$2.6 million.

million, respectively, bearing interest at 5.5% per annum. This secured loan was paid off in full, plus accrued interest, on August 19, 2014.

- On October 9, 2014, CFC entered into a loan agreement with Stack's Bowers, providing for a secured line of credit in the maximum principal amount of up to \$16.0 million, bearing interest at a competitive rate per annum. Advances under the line of credit are secured by numismatic and semi-numismatic products and receivables. This secured loan was paid off in full, plus accrued interest, on April 15, 2015. As of June 30, 2015, the aggregate carrying value of this loan was \$0.0 million.
- Subsequent to fiscal 2015, on July 23, 2015, CFC entered into a loan agreement and related documents with Stack's Bowers, providing a secured line of credit in the maximum principal amount of up to \$2.5 million, bearing interest at a competitive rate per annum. The amount of the initial draw was \$1.8 million, which has subsequently been partially repaid. The loan is secured by numismatic and semi-numismatic products.

The secured loans that the Company generates with active customers of A-Mark are reflected as an operating activity on the consolidated statements of cash flows within receivables. The secured loans that the Company generates with borrowers who are not active customers of A-Mark are reflected as an investing activity on the consolidated statements of cash flows as secured loans, net.

For the secured loans that are reflected as an investing activity and have terms that allow the borrower to increase their loan balance (at the discretion of the Company) based on the excess value of their collateral compared to their aggregate principal balance of loan and are repayable on demand or in the short-term, the borrowings and repayments are netted on the consolidated statements of cash flows. In contrast, for the secured loans that are reflected as an investing activity and do not contain a revolving credit-line feature or have long-term maturities, the borrowed funds are shown at gross as other originated secured loans, segregated from the repayments of the principal, which are shown as principal collections on other originated secured loans on the consolidated statements of cash flows.

Derivative assets and liabilities. The Company's derivative assets and liabilities represent the net fair value of the difference between market values and trade values at the trade date for open precious metals sale and purchase contracts, as adjusted on a daily basis for changes in market values of the underlying metals, until settled (see [Note 12](#)). The Company's derivative assets and liabilities represent the net fair value of open precious metals forwards and futures contracts. The precious metals forwards and futures contracts are settled at the contract settlement date.

Credit Quality of Financing Receivables and Allowance for Credit Losses

The Company applies a systematic methodology to determine the allowance for credit losses for finance receivables. The finance receivables portfolio is comprised solely of secured commercial loans with similar risk profiles. This similarity allows the Company to apply a standard methodology to determine the credit quality for each loan. The credit quality of each loan is generally determined by the secured material, the initial and ongoing collateral value determination and the assessment of loan to value determination. Typically, the Company's finance receivables within its portfolio have similar credit risk profiles and methods for assessing and monitoring credit risk.

The Company evaluates its loan portfolio in one of three classes of finance receivables: those loans secured by: 1) bullion 2) numismatic items and 3) customers' pledged assets, which may include bullion and numismatic items. The Company's secured loans by portfolio class, which align with management reporting, are as follows:

in thousands

	June 30, 2015		2014	
Bullion	\$ 16,250	33.0%	\$ 17,361	42.1%
Numismatic and semi numismatic	32,216	65.3	23,900	57.9
Subtotal	48,466	98.3	41,261	100.0
Other pledged assets ⁽¹⁾	850	1.7	—	—
Total secured loans	\$ 49,316	100.0%	\$ 41,261	100.0%

(1) Includes secured loans that are collateralized by borrower's assets, which are not exclusively precious metal products.

Each of the three classes of receivables have the same initial measurement attribute and a similar method for assessing and monitoring credit risk. The methodology of assessing the credit quality of the secured loans acquired by the Company is similar to the secured loans originated loans by the Company; they are administered using the same internal reporting system, collateralized by precious metals or other pledged assets, for which a loan to value determination procedures are applied.

Credit Quality of Loans and Non Performing Status

Generally, interest is due and payable within 30 days. A loan is considered past due if interest is not paid in 30 days or collateral calls are not met timely. Typically, loans do not achieve the threshold of non performing status due to the fact that customers are generally put into default for any interest past due over 30 days and for unsatisfied collateral calls. When this occurs the loan collateral is typically liquidated within 90 days.

For certain secured loans, interest is billed monthly and, if not paid, is added to the outstanding loan balance. These secured loans are considered past due if their current loan-to-value ratio fails to meet established minimum equity levels, and the borrower fails to meet the collateral call required to reestablish the appropriate loan to value ratio.

Non-performing loans have the highest probability for credit loss. The allowance for credit losses attributable to non-performing loans is based on the most probable source of repayment, which is normally the liquidation of collateral. In determining collateral value, the Company estimates the current market value of the collateral and considers credit enhancements such as additional collateral and third-party guarantees. Due to the accelerated liquidation terms of the Company's loan portfolio, all past due loans are generally liquidated within 90 days of default.

Further information about the Company's credit quality indicators includes differentiating by categories of current loan-to-value ratios. The Company disaggregates its secured loans that are collateralized by precious metal products, as follows:

in thousands

	June 30,	2015		2014		
Loan-to-value of 75% or more ⁽¹⁾	\$	17,153	35.4%	\$	11,950	29.0%
Loan-to-value of less than 75% ⁽¹⁾		31,313	64.6		29,311	71.0
Secured loans collateralized by precious metal products ⁽¹⁾	\$	48,466	100.0%	\$	41,261	100.0%

(1) Excludes secured loans that are collateralized by borrower's assets, which are not exclusively precious metal products.

The Company had one loan with a loan-to-value ratio in excess of 100% at June 30, 2015. The aggregate balance of this loan totaled \$175,600 or 0.4% of the secured loan balance. The Company had no loans with a loan-to-value ratio in excess of 100% at June 30, 2014.

For the Company's secured loans where the loan-to-value ratio is not a valid indicator (because the loans are collateralized by other assets of the borrower in addition to their precious metal inventory) the Company uses other indicators to measure the quality of this type of loan. For this type of loan, the Company use the following credit quality indicators: accounts receivable-to-loan ratios and inventory-to loan ratios and delinquency status of the loan.

Impaired loans

A loan is considered impaired if it is probable, based on current information and events, that the Company will be unable to collect all amounts due according to the contractual terms of the loan. Customer loans are reviewed for impairment and include loans that are past due, non-performing or in bankruptcy. Recognition of interest income is suspended and the loan is placed on non-accrual status when management determines that collection of future interest income is not probable. Accrual is resumed, and previously suspended interest income is recognized, when the loan becomes contractually current and/or collection doubts are removed. Cash receipts on impaired loans are recorded first against the receivable and then to any unrecognized interest income.

All loans are contractually subject to margin call. As a result, loans typically do not become impaired due to the fact the Company has the ability to require margin calls which are due upon receipt. Per the terms of the loan agreement, the Company has the right to rapidly liquidate the loan collateral in the event of a default. The material is highly liquid and easily sold to pay off the loan. Such circumstances would result in a short term impairment that would typically result in full repayment of the loan and fees due to the Company.

For the years ended June 30, 2015 and 2014, the Company incurred no loan impairment costs.

Allowance for Doubtful Accounts

Allowances for doubtful accounts are recorded based on specifically identified receivables, which the Company has identified as potentially uncollectible. As summary of the activity in the allowance for doubtful accounts is as follows:

in thousands

Period ended:	Beginning Balance	Provision	Charge-off	Ending Balance
Year Ended June 30, 2015	\$ 30	\$ —	\$ —	\$ 30
Year Ended June 30, 2014	\$ 104	\$ —	\$ (74)	\$ 30

5. INVENTORIES

Our inventory consists of the precious metals that the Company has physically received, and inventory held by third-parties, which at the Company's option may or may not receive. Below, our inventory is summarized by classification at June 30, 2015 and June 30, 2014:

in thousands

	June 30,	2015	2014
Inventory held for sale	\$	86,353	\$ 100,877
Repurchase arrangements with customers		49,117	27,727
Consignment arrangements with customers		5,588	11,067
Commemorative coins, held at lower of cost or market		1,518	2,564
Borrowed precious metals from suppliers		9,500	8,709
Product financing arrangements, restricted		39,425	24,610
	\$	191,501	\$ 175,554

Inventory held for sale. Inventory held for sale represents precious metals, excluding commemorative coin inventory, that have been received by the Company that is not subject to repurchase or consignment arrangements with third parties. As of June 30, 2015 and June 30, 2014, the inventory held for sale totaled \$86.4 million and \$100.9 million, respectively.

Repurchase Arrangements with Customers. The Company enters into arrangements with certain customers under which A-Mark purchases precious metals products that are subject to repurchase by the customer at the fair value of the product on the repurchase date. The Company or the counterparty may typically terminate any such arrangement with 14 days' notice. Upon termination the customer's rights to repurchase any remaining inventory is forfeited. As of June 30, 2015 and June 30, 2014, included within inventory is \$49.1 million and \$27.7 million, respectively, of precious metals products subject to repurchase.

Consignment Arrangements with Customers. The Company periodically loans metals to customers on a short-term consignment basis, charging interest fees based on the value of the metal loaned. Inventories loaned under consignment arrangements to customers as of June 30, 2015 and June 30, 2014 totaled \$5.6 million and \$11.1 million, respectively. Such inventories are removed at the time the customer elects to price and purchase the precious metals, and the Company records a corresponding sale and receivable. Substantially all inventories loaned under consignment arrangements are collateralized for the benefit of the Company.

Commemorative Coins. Our commemorative coin inventory, including its premium component, is held at the lower of cost or market, because the value of commemorative coins is influenced more by supply and demand determinants than on the underlying spot price of the precious metal content of the commemorative coins. Unlike our bullion coins, the value of commemorative coins is not subject to the same level of volatility as bullion coins because our commemorative coins typically carry a substantially higher premium over the spot metal price than bullion coins. Our commemorative coins are not hedged, are included in inventory at the lower of cost or market and totaled \$1.5 million and \$2.6 million as of June 30, 2015 and June 30, 2014, respectively.

Borrowed Precious Metals from Suppliers. Inventories include amounts borrowed from suppliers under arrangements to purchase precious metals on an unallocated basis that are held by the supplier. Unallocated or pool metal represents an unsegregated inventory position that is due on demand, in a specified physical form, based on the total ounces of metal held in the position. Amounts under these arrangements require delivery either in the form of precious metals or cash. Corresponding obligations related to liabilities on borrowed metals are reflected on the consolidated balance sheets and totaled \$9.5 million and \$8.7 million as of June 30, 2015 and June 30, 2014, respectively.

Product Financing Arrangements. Inventories include amounts for obligations under product financing agreement. The Company enters into a product financing agreement for the transfer and subsequent re-acquisition of gold and silver at a fixed price to a third party finance company. This inventory is restricted and is held at a custodial storage facility in exchange for a financing fee, by the third party finance company. During the term of the financing, the third party finance company holds the inventory as collateral, and both parties intend to return the inventory to the Company at an agreed-upon price based on the spot price on the finance arrangement termination date. The third party charges a monthly fee as percentage of the market value of the outstanding obligation; such monthly charge is classified in interest expense. Pursuant to the guidance in ASC 470-40 *Product Financing Arrangements*, these transactions do not qualify as sales and therefore have been accounted for as financing arrangements and reflected in the consolidated balance sheet within product financing arrangement. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing and the underlying inventory are carried at fair value, with changes in fair value included in cost of sales in the consolidated statements of income. Such obligation totaled \$39.4 million and \$24.6 million as of June 30, 2015 and June 30, 2014, respectively.

The Company mitigates market risk of its physical inventories and open commitments through commodity hedge transactions (see [Note 12](#).)

Premium component of inventory

The Company's inventories primarily include bullion and bullion coins and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: (1) published market values attributable to the cost of the raw precious metal, and (2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources. The premium is included in the cost of the inventory, paid at acquisition, and is a component of the total fair market value of the inventory. The precious metal component of the inventory may be hedged through the use of precious metal commodity positions, while the premium component of our inventory is not a commodity that may be hedged.

The Company's inventories are subsequently recorded at their fair market values, that is, "marked-to-market", except for our commemorative coin inventory. The daily changes in the fair market value of our inventory are offset by daily changes in fair market value of hedging derivatives that are taken with respects to our inventory positions; both the change in the fair market value of the inventory and the change in the fair market value of these derivative instruments are recorded in cost of sales in the consolidated statements of income.

The premium component, at market value, included in the inventories as of June 30, 2015 and June 30, 2014 totaled \$3.3 million and \$3.3 million, respectively. As of June 30, 2015 and June 30, 2014, the unrealized gains (losses) resulting from the difference between market value and cost of physical inventories were \$(3.9) million and \$3.8 million, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2015 and June 30, 2014:

in thousands

	June 30,	2015	2014
Office furniture, fixtures and equipment	\$	616	\$ 490
Computer equipment		368	323
Computer software		2,376	2,333
Leasehold improvements		1,700	260
Subtotal		5,060	3,406
Less: accumulated depreciation		(2,210)	(1,728)
Property and equipment, net	\$	2,850	\$ 1,678

Depreciation expense for the years ended June 30, 2015 and 2014 was \$0.5 million and \$0.5 million, respectively.

7. GOODWILL AND INTANGIBLE ASSETS

On July 1, 2005, all of the outstanding common stock of A-Mark was acquired by Spectrum PMI, Inc. Spectrum PMI was a holding company whose outstanding common stock was owned 80% by SGI, and 20% by Auctentia, S.L. In September 2012, SGI purchased from Auctentia its 20% interest in Spectrum PMI. On September 30, 2013, Spectrum PMI was merged with and into SGI, as a result of which all of the outstanding shares of A-Mark were then owned directly by SGI.

In connection with the acquisition of A-Mark by Spectrum PMI on July 1, 2005, the accounts of the Company were adjusted using the push down basis of accounting to recognize the allocation of the consideration paid to the respective net assets acquired. In accordance with the push down basis of accounting, the Company's net assets were adjusted to their fair values as of

the date of the acquisition based upon an independent appraisal, which resulted in goodwill of \$4.9 million and identifiable purchased intangible assets of \$8.4 million. Goodwill represents the excess of the purchase price and related costs over the value assigned to intangible assets of businesses acquired and accounted for under the purchase method.

The carrying value of other purchased intangibles as of June 30, 2015 and June 30, 2014 is as described below:

dollar amounts in thousands

	Estimated Useful Lives (Years)	June 30, 2015			June 30, 2014		
		Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Trade-name	Indefinite	\$ 454	\$ —	\$ 454	\$ 454	\$ —	\$ 454
Existing customer relationships	5 - 15	5,747	(3,832)	1,915	5,747	(3,448)	2,299
Non-compete and other	4	2,000	(2,000)	—	2,000	(2,000)	—
Employment agreement	3	195	(195)	—	195	(195)	—
Purchased intangibles subject to amortization		7,942	(6,027)	1,915	7,942	(5,643)	2,299
		\$ 8,396	\$ (6,027)	\$ 2,369	\$ 8,396	\$ (5,643)	\$ 2,753

The Company's other purchased intangible assets are subject to amortization except for trademarks, which have an indefinite life. Intangible assets subject to amortization are amortized using the straight-line method over their useful lives, which are estimated to be four to fifteen years. Amortization expense related to the Company's intangible assets for the years ended June 30, 2015 and 2014 was \$0.4 million and \$0.4 million, respectively.

Estimated amortization expense on an annual basis for the succeeding five years is as follows (in thousands):

Fiscal year ending June 30,	Amount
2016	\$ 385
2017	385
2018	385
2019	385
2020	375
Thereafter	—
Total	\$ 1,915

8. ACCOUNTS PAYABLE

Accounts payable consist of the following:

in thousands

	June 30, 2015	2014
Trade payable to customers payables	\$ 128	\$ 366
Advances from customers	38,039	38,739
Liability on deferred revenue	11,039	4,177
Net liability on margin accounts	6,908	8,983
Other accounts payable	1,433	1,362
Subtotal	57,547	53,627
Derivative liabilities — open sales and purchase commitments, net	10,989	848
Derivative liabilities — futures contracts	—	8,078
Derivative liabilities — forward contracts	—	14,873
	\$ 68,536	\$ 77,426

9. INCOME TAXES

The Company files a consolidated federal income tax return based on a June 30th tax year end. The provision for (benefit from) income taxes for the years ended June 30, 2015 and 2014 consists of the following:

in thousands

	Years Ended June 30,	2015	2014
Current:			
Federal		3,498	(1,788)
State and local		(464)	130
Foreign		49	—
		<u>3,083</u>	<u>(1,658)</u>
Deferred:			
Federal		(182)	6,405
State and local		(804)	525
		<u>(986)</u>	<u>6,930</u>
Provision for income taxes		<u>\$ 2,097</u>	<u>\$ 5,272</u>

A reconciliation of the income tax provisions to the amounts computed by applying the statutory federal income tax rate 35% for 2015, and 2014) to income before income tax provisions for the years ended June 30, 2015 and 2014, are set forth below:

in thousands

	Years Ended June 30,	2015	2014
Federal income tax		\$ 3,202	\$ 4,736
State tax, net of federal benefit		193	212
Compensation in excess of \$1 million		53	—
Uncertain tax positions		(352)	22
Reallocation of deferred state net operating loss from Former Parent related to tax settlement		(564)	—
Valuation allowance		(215)	329
Other		(220)	(27)
Total provision for income taxes		<u>\$ 2,097</u>	<u>\$ 5,272</u>

Significant components of the Company's net deferred tax assets and liabilities as of June 30, 2015 and 2014 are as follows:

in thousands

	June 30,	2015	2014
Accrued compensation	\$	102	\$ 236
Deferred rent		30	—
Unrealized loss on futures and forward contracts		—	3,170
Unrealized loss on open purchase and sale commitments		1,894	—
Stock-based compensation		159	133
State tax accrual		23	349
Net operating loss carry forwards		982	775
Other		132	34
Deferred tax assets		3,322	4,697
Less: valuation allowances		(114)	(329)
Deferred tax assets after valuation allowances		3,208	4,368
Intangible assets		(1,059)	(913)
Unrealized gain on open purchase and sale commitments		—	(2,533)
Unrealized gain on futures and forward contracts		(2,029)	—
Fixed assets		(134)	(224)
Inventories		(110)	(2,164)
Other		(2)	(23)
Deferred tax liabilities		(3,334)	(5,857)
Net deferred tax liability	\$	(126)	\$ (1,489)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. During the year ended June 30, 2015, management concluded that with the exception of certain state net operating losses, it was more likely than not that the Company would be able to realize the benefit of the U.S. federal and state deferred tax assets in the future. We based this conclusion on historical and projected operating performance, as well as our expectation that our operations will generate sufficient taxable income in future periods to realize the tax benefits associated with the deferred tax assets. As of June 30, 2015 and 2014, the Company had \$0.1 million and \$0.3 million, respectively, of valuation allowance for its realizability of deferred tax assets. The Company will continue to assess the need for a valuation allowance in the future by evaluating both positive and negative evidence that may exist.

The Company's consolidated financial statements recognized the current and deferred income tax consequences that result from the Company's activities during the current and preceding periods, as if the Company were a separate taxpayer during the period prior to the Distribution rather than a member of the Former Parent's consolidated income tax return group. Current tax receivable from Former Parent reflects balances due from the Former Parent to A-Mark for its share of the income tax assets of the group. Income taxes receivable represents amounts paid to federal and state jurisdictions due to taxable income generated following the close of the transaction.

As of June 30, 2015, the Company has state and city net operating loss carryforwards of approximately \$17.6 million, which expire beginning with the year ending June 30, 2030. The tax effect of the state and city net operating loss carryforwards included in the Company's deferred tax assets is \$0.9 million. Due to limitations on the ability to use certain state and city net operating loss carryforwards, the Company has recorded a valuation allowance of \$0.1 million against these assets as the Company believes that it is not more likely than not that they will realize the benefit of these carryforwards.

A reconciliation of the net unrecognized tax benefits for the years ended June 30, 2015 and 2014 is as follows:

in thousands

	June 30,	2015	2014
Beginning balance	\$	730	\$ 733
Reductions due to lapse of statute of limitations		(147)	(3)
Additions reductions as a result of tax positions taken during current period		4	—
Reductions as a result of tax positions of prior years		(134)	—
Settlements		(210)	—
Ending balance	\$	243	\$ 730

As of June 30, 2015, the Company had \$0.2 million of unrecognized tax benefits and \$0.1 million of liabilities for interest expense related to uncertain tax positions. Of the total unrecognized tax benefits, \$0.2 million would reduce the Company's effective tax rate, if recognized. As of June 30, 2014, the Company had \$0.7 million of unrecognized tax benefits and \$0.2 million of liabilities for interest expense related to uncertain tax positions. Of the total unrecognized tax benefits, \$0.7 million would reduce the Company's effective tax rate, if recognized. For the years ended June 30, 2015 and 2014, the Company recognized approximately \$(80,000) of interest benefit and \$40,000 of interest expense related to uncertain tax positions, respectively. As of June 30, 2015 and 2014, the Company recognized approximately \$72,000 and \$195,000 of accrued tax penalties, respectively.

The Company files income tax returns in the U.S. and various states. Prior to the Distribution, the Company was included in the consolidated federal and state tax filing of the Former Parent. The Former Parent has been under examination by the IRS for the years ended June 30, 2004 through 2013; however, during the year ended June 30, 2015, the Former Parent was notified that it had successfully resolved the June 30, 2004 through June 30, 2007 tax years. As a result of the IRS exam, the Former Parent amended the state tax filings for the applicable periods. The amended state tax filings resulted in a tax benefit of approximately \$0.6 million related to state net operating loss apportioned to the Company under intrastate apportionment rules. The Former Parent remains in appeals with the IRS for the years ended June 30, 2008 through 2013 and in examination with other taxing jurisdictions on certain tax matters, including challenges to certain positions the Former Parent has taken. The Former Parent is unable to determine the outcome of these audits at this time. With few exceptions, either prior federal, state or local examinations have been completed by the tax authorities or the statute of limitations have expired for U.S. federal, state and local income tax returns filed by the Former Parent for the years through 2003.

In connection with the spinoff, the Company entered into a Tax Separation Agreement with SGI. The Tax Separation Agreement governs the respective rights, responsibilities and obligations of SGI and us with respect to, among other things, liabilities for U.S. federal, state, local and other taxes. In addition to the allocation of tax liabilities, the Tax Separation Agreement addresses the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Pursuant to the Tax Separation Agreement, A-Mark may be responsible for any tax amount related to A-Mark that is incurred as the result of adjustments made during the Internal Revenue Service examination or other tax jurisdictions' examinations of the Former Parent. Under the terms of the Tax Separation Agreement, SGI will have the responsibility to prepare and file tax returns for tax periods ending prior to the Distribution date and for tax periods which include the Distribution date but end after the Distribution date, which will include A-Mark and its subsidiaries. These tax returns will be prepared on a basis consistent with past practices. The Company will cooperate in the preparation of these tax returns and have an opportunity to review and comment on these returns prior to filing. A-Mark will pay all taxes attributable to A-Mark and its subsidiaries, and will be entitled to any refund with respect to taxes it has paid.

The amounts receivable under the Company's income tax sharing obligation due from SGI totaled \$1.1 million, and \$3.1 million as of June 30, 2015 and June 30, 2014, respectively, and is shown on the face of the consolidated balance sheets as income taxes receivable from Former Parent. Based on the terms to the Tax Separation Agreement, payment is due to the Company after SGI files its tax return and is in receipt of its tax refund from the IRS. Furthermore, pursuant to the terms of the Tax Separation Agreement, the Company has been allocated approximately \$15.7 million of state net operating losses. These net operating losses resulted in a deferred tax asset of \$0.9 million.

SGI received a written opinion from Kramer Levin Naftalis & Frankel LLP that the spinoff qualifies as a tax-free transaction under Section 355 of the Internal Revenue Code and that for U.S. federal income tax purposes, (i) no gain or loss shall be recognized by SGI upon the distribution of our common stock in the spinoff, and (ii) no gain or loss shall be recognized by, and no amount will be included in the income of, holders of SGI common stock upon the receipt of shares of our common stock in the spinoff. If, notwithstanding the conclusions included in the opinion, it is ultimately determined that the distribution does not qualify as tax-free for U.S. federal income tax purposes, each SGI shareholder that is subject to U.S. federal income tax and that received shares of our common stock in the distribution could be treated as receiving a taxable distribution in an amount equal to the fair market value of such shares. In addition, if the distribution were not to qualify as tax-free for U.S. federal income tax purposes, then SGI would recognize gain in an amount equal to the excess of the fair market value of our common stock distributed to SGI.

shareholders on the date of the distribution over SGI's tax basis in such shares. Also, we could have an indemnification obligation to SGI related to its tax liability. The Company considers this possible outcome as remote, and as a result, no liability has been recorded.

10. RELATED PARTY TRANSACTIONS

Sales and Purchases Made to Affiliated Companies

During the years ended June 30, 2015 and 2014, the Company made sales and purchases to various companies that had been under common control with A-Mark through the date of Distribution, and which have been deemed to be related parties as of June 30, 2015 and June 30, 2014.

in thousands

	Years Ended June 30,		2015		2014	
	Sales	Purchases	Sales	Purchases	Sales	Purchases
Related Party Company						
Calzona Ventures, LLC	\$ 157	\$ —	\$ 5,018	\$ 464		
Stack's Bowers Numismatics, LLC	7,364	9,201	11,925	11,187		
Related party, total	<u>\$ 7,521</u>	<u>\$ 9,201</u>	<u>\$ 16,943</u>	<u>\$ 11,651</u>		

As of June 30, 2015 and June 30, 2014, the Company's had related party receivables and payables balance as set forth below:

in thousands

	June 30,		2015		2014	
	Receivables	Payable	Receivables	Payable	Receivables	Payable
Related Party Company						
Calzona Ventures, LLC	\$ —	\$ —	\$ —	\$ 67		
Stack's Bowers Numismatics, LLC	2	10	2,563 ⁽¹⁾	205		
SGI (Former Parent)	1,095	—	3,289	—		
Related party, total	<u>\$ 1,097</u>	<u>\$ 10</u>	<u>\$ 5,852</u>	<u>\$ 272</u>		

1) Includes a secured short-term loan receivable totaling \$2.6 million bearing interest of 5.5% per annum, which was paid off in full, plus accrued interest, on August 19, 2014.

Secured Loans to Related Parties

On June 18, 2014, CFC assumed the rights to a secured portfolio of short-term loan receivables totaling \$2.6 million from Stack's Bowers Numismatics, LLC (Stack's Bowers), a related party. The Company reflects this transaction as a financing arrangement with the related party, secured by the portfolio of short-term loan receivables collateralized by numismatic and semi numismatic products, and bearing interest at 5.5% per annum. As of June 30, 2015, the aggregate carrying value of this loan was \$0.0 million. This secured loan was paid off in full, plus accrued interest, on August 19, 2014.

On October 9, 2014, CFC entered into a loan agreement with Stack's Bowers providing for a secured line of credit in the maximum principal amount of up to \$16.0 million, bearing interest at a competitive rate per annum. Advances under the line of credit were secured by numismatic and semi-numismatic products. This secured loan was paid off in full, plus accrued interest, on April 15, 2015. As of June 30, 2015, the aggregate carrying value of this loan was \$0.0 million.

During the years ended June 30, 2015 and 2014, the Company earned approximately \$229,000 and \$3,000 in interest income related to loans that we made to Stack's Bowers.

Subsequent to fiscal 2015, on July 23, 2015, CFC entered into a loan agreement with Stack's Bowers providing a secured line of credit in the maximum principal amount of up to \$2.5 million, bearing interest at a competitive rate per annum. The amount of the initial draw was \$1.8 million, which has subsequently been partially repaid. The loan is secured by numismatic and semi-numismatic products.

Corporate Overhead Charges

During the years ended June 30, 2015 and 2014, the Company incurred \$0.0 million and \$0.5 million, respectively, of corporate overhead charges, which were payable monthly to SGI based on the Former Parent's annual budget, and were included in selling, general and administrative expenses. As a result of the Distribution, this monthly obligation to SGI concluded.

Secondment Agreement Fees and Reimbursements

Under the terms of the Secondment Agreement, A-Mark has agreed to make Gregory N. Roberts, our Chief Executive Officer, and Carol Meltzer, our Executive Vice President, General Counsel and Secretary, available to SGI for the performance of specified management and professional services following the spinoff in exchange for an annual secondment fee and reimbursement of certain bonus payments. The Secondment Agreement will terminate on June 30, 2016 and is subject to earlier termination under certain circumstances (see [Note 1.](#)) The Company records the accrual of secondment fees as a reduction to selling, general and administration expense. During the years ended June 30, 2015 and 2014 the Company accrued \$0.2 million and \$0.2 million, respectively, of secondment fees related to secondment fees due by fiscal year end, which the Company recorded as a reduction to selling, general and administration expense. As of June 30, 2015 and June 30, 2014 the outstanding balance of secondment fees due from SGI was \$0.0 million and \$0.2 million, respectively.

Income Tax Sharing Obligations

The amounts receivable under the Company's income tax sharing obligation due from SGI, totaled \$1.1 million, and \$3.1 million as of June 30, 2015 and June 30, 2014, respectively, and is shown on the face of the consolidated balance sheets as income taxes receivable from Former Parent (see [Note 9.](#))

Dividends Paid

During the year ended June 30, 2014, the Company paid to SGI dividends totaling \$10.0 million, in regards to dividends declared prior to the spinoff. Following the spinoff, the Company initiated a cash dividend policy that calls for the payment of a quarterly cash dividend of \$0.05 per common share (see [Note 14.](#))

Transaction with Affiliate of Board Member

In February 2015, A-M Global Logistics, LLC ("Logistics"), a wholly owned subsidiary of the Company that was formed to operate the Company's logistics fulfillment center in Las Vegas, Nevada, entered into various agreements with W. A. Richardson Builders, LLC ("WAR"), for the buildout of and improvements to the Las Vegas premises. The amount involved under the WAR contract was approximately \$1.2 million, and Logistics paid WAR a fee equal to 5.0% of the contract work, or approximately \$0.1 million. The spouse of the Chairman of the Company's Audit Committee, Ellis Landau, is an owner and a managing member of WAR.

Royalties to Former Owner

As part of the sales agreement dated July 1, 2005, a former owner of the Company receives a portion of the finance income earned with a specific customer through June 2015. The Company incurred \$0.3 million and \$0.2 million in selling, general and administrative expenses (royalty expense) during the years ended June 30, 2015 and 2014, respectively. The total amount due to the former owner of \$0.3 million and \$0.2 million are included in accrued liabilities as of June 30, 2015 and June 30, 2014, respectively.

11. FINANCING AGREEMENTS

Lines of Credit

The Company has a borrowing facility ("Trading Credit Facility") with a group of financial institutions under an inter-creditor agreement, which provides for lines of credit up to the maximum of the credit facility. All lenders have a perfected, first security interest in all assets of the Company presented as collateral. Loan advances will be available against a borrowing base report of eligible assets in accordance with the inter-creditor agreement currently in place. Pledged collateral comprises assigned and confirmed inventory, trade receivable, trade advances, derivatives, equity and pledged non bullion and bullion loans.

As of June 30, 2015, the maximum of the Trading Credit Facility was \$230.0 million. The Company routinely uses the Trading Credit Facility to purchase precious metals from suppliers and for operating cash flow purposes. Amounts under the Trading Credit Facility bear interest based on London Interbank Offered Rate ("LIBOR") plus a margin. The one-month LIBOR rate was approximately 0.19% and 0.15% as of June 30, 2015 and June 30, 2014, respectively. Borrowings are due on demand and totaled \$147.0 million and \$135.2 million at June 30, 2015 and at June 30, 2014, respectively. The amounts available under the Trading Credit Facility are determined at the end of each week following a specified borrowing base formula. The Company is able to access additional credit as needed to finance operations, subject to the overall limits of the Trading Credit Facility and lender approval of the revised borrowing base calculation. The amounts available under the Trading Credit Facility after taking into consideration current borrowings, based upon the latest approved borrowing bases in effect, totaled \$20.9 million and \$14.4 million at June 30, 2015 and June 30, 2014, respectively.

The Trading Credit Facility has certain restrictive financial covenants, which require the Company to maintain a minimum tangible net worth. As of June 30, 2015 the minimum tangible net worth financial covenant under the Trading Credit Facility was \$35.0 million. The Company is in compliance with all restrictive financial covenants as of June 30, 2015. The Company's ability

to pay dividends, if it were to elect to do so, could be limited as a result of these restrictions. Each lender has the right to cancel its credit line upon written notice.

Through October 8, 2014, the Trading Credit Facility contained a sub-facility that the Company and SGI (a related party) could draw upon. Amounts available for borrowing under this sub-facility as of June 30, 2015 and June 30, 2014 were \$0.0 million and \$3.3 million, respectively. On October 8, 2014, SGI paid off its obligations under the sub-facility in full utilizing funds drawn from its line of credit with CFC, and SGI no longer has any right to draw upon the sub-facility.

Interest expense related to the Company's borrowing arrangements totaled \$3.6 million and \$3.3 million, which represents 83.2% and 84.4% of the total interest expense recognized, for the years ended June 30, 2015 and 2014, respectively. Our borrowing arrangements carried a daily weighted average effective interest rate of 2.82% and 3.12%, respectively, for the years ended June 30, 2015 and 2014.

Effective July 8, 2015, at the request of the Company, one of six institutional participants in the Company's Trading Credit Facility terminated its credit demand line of \$40.0 million. Effective July 10, 2015, the Company obtained a permanent increase in its demand Trading Credit Facility through an increase of the credit demand line of one of five remaining institutional participants from \$35.0 million to \$45.0 million. Effective September 11, 2015, the Company obtained a permanent increase in its demand Trading Credit Facility through an increase of the credit demand line of another institutional participant from \$35.0 million to \$40.0 million. As a result, the aggregate line available to the Company under the facility at September 24, 2015 is \$205.0 million.

Liability on Borrowed Metals

The Company borrows precious metals from its suppliers under short-term agreements, which bear interest at a designated rate. Amounts under these agreements are due at maturity and require repayment either in the form of precious metals or cash. The Company's inventories included borrowed metals with market values totaling \$9.5 million and \$8.7 million as of June 30, 2015 and June 30, 2014, respectively.

Product Financing Arrangement

The Company has an agreement with a financial institution (a third party) that allows the Company to transfer its gold and silver inventory at a fixed price to this third party. Such agreement allows the Company to repurchase this inventory at an agreed-upon price based on the spot price on the repurchase date. The third party charges a monthly fee as percentage of the market value of the outstanding obligation; such monthly charges are classified in interest expense. These transactions do not qualify as sales, and therefore have been accounted for as financing arrangements and reflected in the consolidated balance sheet within product financing obligation. The obligation is stated at the amount required to repurchase the outstanding inventory. Both the product financing obligation and the underlying inventory (which is entirely restricted) are carried at fair value, with changes in fair value recorded as a component of cost of sales in the consolidated statements of income. Such obligation totaled \$39.4 million and \$24.6 million as of June 30, 2015 and June 30, 2014, respectively.

12. HEDGING TRANSACTIONS

The Company is exposed to market risk, such as change in commodity prices, and foreign exchange rates. To manage the volatility relating to these exposures, the Company enters into various derivative products, such as forwards and futures. By policy, the Company historically has not entered into derivative financial instruments for trading purposes or for speculation.

Commodity Price Management

The Company manages the value of certain specific assets and liabilities of its trading business, including trading inventories, by employing a variety of strategies. These strategies include the management of exposure to changes in the market values of the Company's trading inventories through the purchase and sale of a variety of derivative products such as forwards and futures related to precious metal prices.

The Company's trading inventories and purchase and sale transactions consist primarily of precious metal bearing products. The value of these assets and liabilities are linked to the prevailing price of the underlying precious metals.

The Company's precious metals inventories are subject to market value changes, created by changes in the underlying commodity markets. Inventories purchased or borrowed by the Company are subject to price changes. Inventories borrowed are considered natural hedges, since changes in value of the metal held are offset by the obligation to return the metal to the supplier.

Open sale and purchase commitments are subject to changes in value between the date the purchase or sale price is fixed (the trade date) and the date the metal is received or delivered (the settlement date). The Company seeks to minimize the effect of price changes of the underlying commodity through the use of forward and futures contracts.

The Company's policy is to substantially hedge its inventory position, net of open sale and purchase commitments that is subject to price risk. The Company regularly enters into precious metals commodity forward and futures contracts with major

financial institutions to hedge price changes that would cause changes in the value of its physical metals positions and purchase commitments and sale commitments. The Company has access to all of the precious metals markets, allowing it to place hedges. However, the Company also maintains relationships with major market makers in every major precious metals dealing center.

The Company enters into these derivative transactions solely for the purpose of hedging our inventory holding risk, and not for speculative market purposes. Due to the nature of the Company's global hedging strategy, the Company is not using hedge accounting as defined under Topic 815 of the ASC, whereby the gains or losses would be deferred and included as a component of other comprehensive income. Instead, gains or losses resulting from the Company's futures and forward contracts and open sale and purchase commitments are reported as unrealized gains or losses on commodity contracts (a component of cost of sales) with the related unrealized amounts due from or to counterparties reflected as a derivative asset or liability (a component of receivables or payables).

Below, is a summary of the net losses on derivative instruments for the years ended June 30, 2015 and 2014.

in thousands

	Years Ended June 30,	2015	2014
Gain (loss) on derivative instruments:			
Unrealized loss on open future commodity and forward contracts and open sale and purchase commitments, net	\$	(1,980)	\$ (13,123)
Realized loss on future commodity contracts, net		(50,772)	(9,968)
Total	\$	(52,752)	\$ (23,091)

The Company's management sets credit and position risk limits. These limits include gross position limits for counterparties engaged in sales and purchase transactions with the Company. They also include collateral limits for different types of sale and purchase transactions that counterparties may engage in from time to time.

The following table summarizes the results of our hedging activities as follows at June 30, 2015 and at June 30, 2014, showing the precious metal commodity inventory position, net of open sale and purchase commitments, which is subject to price risk.

in thousands

	June 30,	2015	2014
Inventory	\$	191,501	\$ 175,554
Less unhedgable inventory:			
Commemorative coin inventory, held at lower of cost or market		(1,518)	(2,564)
Premium on metals position		(3,255)	(3,285)
Inventory value not hedged		(4,773)	(5,849)
Subtotal		186,728	169,705
Commitments at market:			
Open inventory purchase commitments		444,023	489,944
Open inventory sales commitments		(249,081)	(190,108)
Margin sale commitments		(12,430)	(15,751)
In-transit inventory no longer subject to market risk		(13,807)	(4,522)
Unhedgable premiums on open commitment positions		528	1,694
Inventory borrowed from suppliers		(9,500)	(8,709)
Product financing obligation		(39,425)	(24,610)
Advances on industrial metals		3,340	8,813
Inventory subject to price risk		310,376	426,456
Inventory subject to derivative financial instruments:			
Precious metals forward contracts at market values		202,323	206,055
Precious metals futures contracts at market values		107,993	220,984
Total market value of derivative financial instruments		310,316	427,039
Net inventory subject to commodity price risk	\$	60	\$ (583)

As of June 30, 2015 and June 30, 2014, the Company had the following outstanding commitments and open forward and future contracts:

in thousands

	June 30, 2015	June 30, 2014
Purchase commitments	\$ 444,023	\$ 489,944
Sales commitments	(249,081)	(190,108)
Margin sales commitments	(12,430)	(15,751)
Open forward contracts	202,323	206,055
Open futures contracts	107,993	220,984

The contract amounts of these forward and futures contracts and the open sales and purchase orders are not reflected in the accompanying consolidated balance sheet. The difference between the market price of the underlying metal or contract and the trade amount is recorded at fair value.

The Company's open sale and purchase commitments typically settle within 2 business days, and for those commitments that do not have stated settlement dates, the Company has the right to settle the positions upon demand. Futures and forwards contracts open at June 30, 2015 are scheduled to settle within 30 days.

The Company is exposed to the risk of failure of the counterparties to its derivative contracts. Significant judgment is applied by the Company when evaluating the fair value implications. The Company regularly reviews the creditworthiness of its

major counterparties and monitors its exposure to concentrations. At June 30, 2015, the Company believes its risk of counterparty default is mitigated as a result of such evaluation and the short-term duration of these arrangements.

Foreign Currency Exchange Rate Management

The Company utilizes foreign currency forward contracts to manage the effect of foreign currency exchange fluctuations of its sale and purchase transactions. These contracts generally have maturities of less than one week. The accounting treatment of our foreign currency exchange derivative instruments is similar to the accounting treatment of our commodity derivative instruments, that is, the change in the value in the financial instrument is immediately recognized as a component of cost of sales. Unrealized net gains (losses) on foreign exchange derivative instruments shown on the face of the consolidated statements of income totaled \$19,000 and \$(6,000) for the years ended June 30, 2015 and 2014, respectively. The market values (fair values) of the Company's foreign exchange forward contracts and the net open sale and purchase commitment transactions, denominated in foreign currencies, outstanding at June 30, 2015 was \$6.2 million and \$9.9 million, respectively. The market values (fair values) of the Company's foreign exchange forward contracts and the net open sale and purchase commitment transactions, denominated in foreign currencies, outstanding at June 30, 2014 was \$2.7 million and \$3.8 million, respectively.

Offsetting Derivative Instruments

In respect to the Company's derivative contracts with the same counterparty, the receivables and payables have been netted on the consolidated balance sheets. Such derivative contracts include open sale and purchase commitments, futures, forwards and margin accounts. In the table below, the aggregate gross and net derivative receivables and payables balances are presented by contract type and type of hedge, as of June 30, 2015 and June 30, 2014.

Years Ended June 30,	2015				2014			
	Gross Derivative	Amounts Netted	Cash Collateral Pledge	Net Derivative	Gross Derivative	Amounts Netted	Cash Collateral Pledge	Net Derivative
<i>in thousands</i>								
Nettable derivative receivables:								
Open sale and purchase commitments	\$ 2,815	\$ (1,093)	\$ —	\$ 1,722	\$ 26,282	\$ (4,112)	\$ —	\$ 22,170
Future contracts	11,159	(5,796)	—	5,363	—	—	—	—
Forward contracts	4,279	—	—	4,279	14	—	—	14
	<u>\$ 18,253</u>	<u>\$ (6,889)</u>	<u>\$ —</u>	<u>\$ 11,364</u>	<u>\$ 26,296</u>	<u>\$ (4,112)</u>	<u>\$ —</u>	<u>\$ 22,184</u>
Nettable derivative payables:								
Open sale and purchase commitments	\$ 11,723	\$ (734)	\$ —	\$ 10,989	\$ 1,022	\$ (174)	\$ —	\$ 848
Margin accounts	12,430	—	(5,522)	6,908	15,751	—	(6,768)	8,983
Future contracts	—	—	—	—	(15,121)	—	23,199	8,078
Forward contracts	—	—	—	—	14,873	—	—	14,873
	<u>\$ 24,153</u>	<u>\$ (734)</u>	<u>\$ (5,522)</u>	<u>\$ 17,897</u>	<u>\$ 16,525</u>	<u>\$ (174)</u>	<u>\$ 16,431</u>	<u>\$ 32,782</u>

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company lease 7,100 square feet of office space, located in Santa Monica, California, at a cost of \$3.80 per square foot with annual increases in cost of 3%. This lease will expire on April 30, 2017.

The Company leases 2,142 square feet of office space, located in Vienna, Austria, at a cost of \$2.20 per square foot. The lease will expire on September 30, 2017, and there are no annual increases in the cost.

The Company leases approximately 14,000 square feet of warehouse space in Las Vegas, Nevada at a cost of approximately \$252 thousand per year. The term of the lease is 5.0 years with increases in costs of 3.0% per annum. On August 28, 2015, Logistics entered into an amendment to its lease agreement with the landlord of the Nevada facility to expand the leased premises by an additional approximately 3,600 square feet at an additional cost of \$1.50 per each square foot per month, resulting in total leased premises of approximately 17,600 square feet.

Expenses related to leases were \$0.4 million, and \$0.4 million, respectively, for the years ended June 30, 2015 and 2014.

Future minimum lease payments under the Company's lease arrangements with noncancelable lease terms in excess of one year as of June 30, 2015 are as follows:

(in thousands)

Years ending June 30,	Amount
2016	\$ 655
2017	570
2018	268
2019	276
2020	236
Thereafter	—
Total	\$ 2,005

Employment and Non-Compete Agreements

The Company has entered into various employment agreements and non compete and/or non solicitation agreements with certain key executive officers and other key employees. The employment agreements provide for minimum salary levels, incentive compensation and severance benefits, among other items.

Employee Benefit Plan

The Company maintains an employee savings plan for United States employees under the Internal Revenue Code section 401(k). Employees are eligible to participate in the plan after three complete calendar months of service and all contributions are immediately vested. Employees' contributions are discretionary to a maximum of 90% of compensation. For all plan members, the Company contributes 30% of the eligible employees' contributions on the first 60% of the participants' compensation to the IRS maximum annual contribution.

Litigation, Claims and Contingencies

In the ordinary course of our business, we are party to various legal actions, which we believe are incidental to the operation of our business. The outcome of such legal actions and the timing of ultimate resolution are inherently difficult to predict. In the opinion of management, based upon information currently available to us, any resulting liability, would not have a material adverse effect on the Company's financial position, cash flows, or operations.

SGI IRS and State Tax Audits

SGI is currently in appeals with the IRS for the years ended June 30, 2008 through 2013 and in examination with other taxing jurisdictions on certain tax matters, including challenges to certain positions the Former Parent has taken. The Former Parent is unable to determine the outcome of these audits at this time. With few exceptions, either prior federal, state or local examinations have been completed by the tax authorities or the statute of limitations have expired for U.S. federal, state and local income tax returns filed by the Former Parent for the years through 2003.

14. STOCKHOLDERS' EQUITY

Effectiveness of Registration Statement and Distribution of Shares

A-Mark filed with the Securities and Exchange Commission a registration statement on Form S-1 relating to the Distribution by SGI to its shareholders of all the shares of common stock of the Company. The registration statement was declared effective by the SEC on February 11, 2014.

The spinoff of the Company from SGI was effected on March 14, 2014 and an aggregate of 7,402,664 shares of A-Mark's common stock were distributed to SGI stockholders. On March 17, 2014, A-Mark's shares began trading on the NASDAQ Global Select Market under the symbol "AMRK". All share and per share information has been retrospectively adjusted to give effect for the Distribution.

Subsequent to the Distribution, SGI informed the Company that an aggregate of 71,922 shares of A-Mark's common stock should not have been distributed because the SGI shares with respect to which those shares were distributed had been incorrectly classified as outstanding. Accordingly, effective as of March 14, 2014, those 71,922 shares were canceled and returned to the status of authorized but unissued stock.

Repurchase of Common Shares

On June 4, 2014, A-Mark entered into an amendment (“Amendment No. 1”) to the Purchase Agreement (as amended, the “Purchase Agreement”) dated February 26, 2014 with Afinsa, Auctenia and SGI pursuant to which, among other things, SGI agreed to purchase all shares of SGI’s common stock held by Afinsa and Auctenia and Afinsa and Auctenia agreed to sell to A-Mark any shares of common stock of A-Mark received by Afinsa and Auctenia in SGI’s spinoff of A-Mark, which was effected on March 14, 2014. As previously disclosed, the first closing under the Purchase Agreement occurred on February 26, 2014.

Pursuant to Amendment No. 1, also on June 4, 2014, A-Mark purchased 5,520 shares of A-Mark common stock from Afinsa and 373,513 shares of A-Mark common stock from Auctenia for an aggregate purchase price of \$2.2 million plus interest in the amount of \$0.02 million calculated from February 26, 2014 at the rate of 4% per annum. Afinsa and Auctenia no longer hold any shares of A-Mark common stock.

Shares of A-Mark common stock purchased under the Purchase Agreement have been returned to the status of authorized but unissued shares.

Payment of Dividends to Former Parent

On July 1, 2013, the Board of Directors of the Company declared a \$5.0 million dividend to SGI, which was paid on July 5, 2013. On February 12, 2014, the Board of Directors of the Company declared a dividend to SGI in the aggregate amount of \$5.0 million, which was paid on February 26, 2014.

Payment of Dividends After Spinoff

In fiscal 2015, the Board of Directors of the Company initiated a cash dividend policy that calls for the payment of a quarterly cash dividend of \$0.05 per common share. On February 6, 2015, the Board of Directors declared a quarterly cash dividend of \$0.05 per common share that was paid on March 20, 2015 to stockholders of record at the close of business on March 12, 2015. On May 1, 2015, the Board of Directors declared a quarterly cash dividend of \$0.05 per common share that was paid on May 25, 2015 to stockholders of record at the close of business on May 14, 2015. On September 11, 2015, the Board of Directors of the Company declared a quarterly cash dividend of \$0.05 per common share to stockholders of record at the close of business on September 24, 2015, which is scheduled to be paid on October 5, 2015.

2014 Stock Award and Incentive Plan

Prior to the Distribution, the Company’s Board of Directors (“Board”) adopted and the Company’s then sole stockholder approved the 2014 Stock Award and Incentive Plan (“2014 Plan”). Under the 2014 Plan, the Company may grant options and other equity awards as a means of attracting and retaining officers, employees, non-employee directors and consultants, to provide incentives to such persons, and to align the interests of such persons with the interests of stockholders by providing compensation based on the value of the Company’s stock. Awards under the 2014 Plan may be granted in the form of incentive or non-qualified stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units, dividend equivalent rights and other stock-based awards (which may include outright grants of shares). The 2014 Plan also authorizes grants of performance-based cash incentive awards. The 2014 Plan is administered by the Compensation Committee of the Board of Directors, which, in its discretion, may select officers and other employees, directors (including non-employee directors) and consultants to the Company and its subsidiaries to receive grants of awards. The Board of Directors itself may perform any of the functions of the Compensation Committee under the 2014 Plan.

Under the 2014 Plan, the exercise price of options and base price of SARs may be set at the discretion of the Committee, but generally may not be less than the fair market value of the shares on the date of grant, and the maximum term of stock options and SARs is 10 years. The 2014 Plan limits the number of share-denominated awards that may be granted to any one eligible person to 250,000 shares in any fiscal year. Also, in the case of non-employee directors, the 2014 Plan limits the maximum grant-date fair value at \$300,000 of stock-denominated awards granted to a director in a given fiscal year, except for a non-employee Chairman of the Board whose grant-date fair value maximum is \$600,000 per fiscal year. The 2014 Plan will terminate when no shares remain available for issuance and no awards remain outstanding; however, the authority to grant new awards will terminate on December 13, 2022.

As of June 30, 2015, 622,000 shares were available for grant under the 2014 Plan.

Equity Awards Assumed in Connection with the Spinoff

Prior to the Distribution Date, the SGI Board of Directors and the Compensation Committee of the SGI Board of Directors, and the Board of Directors of A-Mark, had taken action to provide that the holders of share-based awards, outstanding as of March 14, 2014, denominated in and settleable by delivery of shares of SGI common stock, would have their SGI share-based awards canceled upon the effectiveness of the Distribution, and in place of the canceled awards would become entitled to receive share-based awards denominated in and settleable by delivery of shares of the Company’s common stock. The exchange ratio was based on the average closing market price of SGI’s common stock in the final three trading days on which SGI common stock traded before trading ex-dividend with respect to the Distribution, and the average closing market price of A-Mark’s common stock on

its first three trading days in the NASDAQ Global Select Market (the “Exchange Ratio”). This resulted in an Exchange Ratio of 0.2397, based on an average closing price for SGI shares of \$3.32 and an average closing price for A-Mark shares of \$13.85. (For reference, the closing SGI price per share on March 14, 2014 was \$3.37 per share and the closing A-Mark price per share on March 17, 2014 was \$13.30 and on March 19, 2014 was \$14.00.)

Accordingly, to provide for the equitable treatment of holders of then outstanding SGI equity awards in connection with the spinoff, the Company modified (reduced) the number of shares underlying each affected SGI award in the form of stock options, stock appreciation rights (“SARs”) or restricted stock units (“RSUs”) by a factor of 0.2397 to one (with the number of shares rounded up to the next whole share for the entire award, with rounding up of previously vested tranches first and rounding down (where necessary) of later vested tranches). For stock options and SARs, the Company modified (increased) the holders’ award exercise price or base price by a factor 4.1717 to one (the inverse of the Exchange Ratio), with per share exercise prices or base prices then rounded up to the next whole cent. These actions were taken pursuant to the anti-dilution assumption and adjustments approved by SGI and A-Mark. As a result, the Company granted, on March 19, 2014 (the date as of which the exchange ratio became determinable based on the average closing market price of A-Mark common stock), 130,646 RSUs, 8,990 SARs and options to purchase 249,846 shares of common stock. These awards are deemed to be granted under the original plans and arrangements of SGI that have been assumed by the Company, not under the 2014 Plan. However, the Company has not assumed those SGI plans and arrangements insofar as they authorize future grants of share-based compensation (as distinguished from the grants of replacement awards described above).

The cancellation and reissuance of share-based awards are accounted for as modifications in accordance with ASC 718, *Compensation-Stock Compensation*. The Company compared the fair value of each award immediately before and after modification and determined that the modification did not create any incremental compensation costs. Accordingly, there were no changes to the compensation costs of these awards, as determined using the Black-Scholes fair value model for stock options and SARs, and the common stock value for RSUs, on the original grant dates of each award.

Of the 249,846 stock options, 130,646 RSUs and 8,990 SARs issued in connection with the spinoff, 216,943 stock options, 50,340 RSUs and 8,990 SARs were issued to employees of the Company and the remainder were issued to employees of SGI. After the spinoff, the Company will recognize remaining compensation costs related to awards held by employees of the Company, including SGI employees who transferred to the Company in conjunction with the spinoff, over the remaining service period for each award. The Company does not recognize compensation cost for financial reporting purposes relating to the awards replaced by A-Mark following the Distribution which were held by persons who remained employees of SGI.

From June 30, 2015, the Company will recognize compensation expense of \$0.4 million, \$0.1 million and \$0.0 million, related to stock-options, RSUs and SARs, respectively, over weighted average periods 2.3 years, 0.8 years and 0.0 years respectively. The Company will not recognize compensation costs for awards held by employees of SGI, as they are not providing any services to the Company.

Valuation and Significant Assumptions of Equity Awards Issued After Spinoff

The Company uses Black-Scholes option pricing model, which has various inputs such as the estimated common share price, the risk-free interest rate, volatility, expected life and dividend yield, all of which are estimates. The Company also records share-based compensation expense net of expected forfeitures. Valuation models and significant assumptions for share-based compensation are as follows:

- Determining Fair Values. For all equity grants granted, the primary factor in the valuation of equity awards was the fair value of the underlying common stock at the time of grant.
- Expected Volatility. The Company has limited data regarding company-specific historical or implied volatility of its share price. Consequently, the Company estimates its volatility based on the average of the historical volatilities of peer group companies from publicly available data for sequential periods approximately equal to the expected terms of its option grants. Management considers factors such as stage of life cycle, competitors, size, market capitalization and financial leverage in the selection of similar entities.
- Expected Term. The expected term represents the period of time in which the options granted are expected to be outstanding. The Company estimates the expected term of options granted based on the midpoint between the vesting date and the end of the contractual term under the “short-cut” or simplified method permitted by the SEC implementation guidance for “plain vanilla” options. The Company will continue to use the short-cut method, as permitted, until we have developed sufficient historical data for employee exercise and post-vesting employment termination behavior after our common stock has been publicly traded for a reasonable period of time.
- Forfeitures. The Company estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual experience differs from those estimates. For the year ended June 30, 2015, the Company estimated an average overall forfeiture rate of 0%, based on the historical forfeitures rates of executives on our Former Parent prior to the spinoff transaction. Share-based compensation is recorded net of expected forfeitures. The Company will periodically assess the forfeiture rate and the amount of expense recognized based on estimated historical forfeitures as compared to actual forfeitures. Changes in estimates are recorded in the period they are identified.

- **Risk-Free Rate.** The risk-free interest rate is selected based upon the implied yields in effect at the time of the option grant on U.S. Treasury zero-coupon issues with a term approximately equal to the expected life of the option being valued.
- **Dividends.** The Company anticipates on paying quarterly cash dividends 5% of outstanding shares of common stock in the foreseeable future. For theyear ended June 30, 2015, the Company used an expected dividend yield rate of 0.5%.

The weighted-averages for key assumptions used in determining the fair value of options granted during theyear ended June 30, 2015 follows:

Average volatility	33.44%
Risk-free interest rate	1.47%
Weighted-average expected life in years	6.43
Dividend yield rate	0.5%

There are no awards with performance conditions nor awards with market conditions.

Employee Stock Options

Our Former Parent had granted employee stock options to certain members of management, key employees, and directors, including to A-Mark personnel, that were denominated in and settleable by delivery of shares of SGI common stock. Effective with the Distribution, the SGI share-based awards were canceled and in place of the canceled awards the holders of the awards were entitled to receive share-based awards denominated in and settleable by delivery of shares of the Company's stock.

During the years ended June 30, 2015 and 2014, the Company incurred compensation expense related to stock options granted to the Company's employees (including SGI employees who transferred to the Company in conjunction with the spinoff) that were settleable in shares of SGI common stock (prior to the date of Distribution) and settleable in shares of Company's common stock (subsequent to the date of Distribution and award modification) as set forth below.

in thousands

	Years Ended June 30,	
	2015	2014
Stock option based Compensation Cost related to Shares Settleable in:		
SGI common stock	\$ —	\$ —
A-Mark common stock	153.9	60.7
Total stock option based compensation costs	\$ 153.9	\$ 60.7

As of June 30, 2015, there was total remaining compensation expense of \$0.4 million related to employee stock options, which will be recorded over a weighted average period of approximately 2.3 years.

The following table summarizes the stock option activity for theyear ended June 30, 2015.

	Options	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value (in thousands)	Weighted Average Grant Date Fair Value Per Award ⁽¹⁾
Outstanding at June 30, 2014	230,787	\$ 10.00	\$ 407	\$ 5.98
Granted through stock option plan	3,000	10.08		
Exercised	—	—		
Cancellations, expirations and forfeitures	(660)	48.02		
Outstanding at June 30, 2015	233,127	9.89	\$ 283	\$ 5.96
Shares exercisable at June 30, 2015	158,213	10.60	\$ 128	\$ 5.87

(1) For awards held by A-Mark employees, the fair value of the awards assumed in Distribution was based on the awards' fair value at grant date, which were determined by SGI prior to the Distribution. Since the Company does not recognize compensation costs for the awards assumed in the Distribution held by employees of SGI, the calculation of the weighted average fair value per share price at grant date was solely based on the awards' fair value at grant date that were awarded to employees of A-Mark.

Following is a summary of the status of stock options outstanding at June 30, 2015:

Exercise Price Ranges		Options Outstanding			Options Exercisable		
		Number of Shares Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
From	To						
\$ —	\$ 10.00	134,239	7.36	\$ 8.39	62,325	7.39	\$ 8.44
10.01	15.00	98,888	7.29	11.94	95,888	7.21	12.00
		<u>233,127</u>	<u>7.33</u>	<u>9.89</u>	<u>158,213</u>	<u>7.28</u>	<u>10.60</u>

The following table summarizes the stock option activity for theyear ended June 30, 2014.

	Options	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value (in thousands)	Weighted Average Grant Date Fair Value Per Award ⁽¹⁾
Outstanding at June 30, 2013	—	\$ —	\$ —	\$ —
Granted through stock option plan	—	—	—	—
Stock options issued in spinoff	249,846	13.75	—	—
Exercised	—	—	—	—
Cancellations, expirations and forfeitures	(19,059)	59.10	—	—
Outstanding at June 30, 2014	<u>230,787</u>	<u>10.00</u>	<u>\$ 407</u>	<u>\$ 5.98</u>
Shares exercisable at June 30, 2014	<u>134,902</u>	<u>11.18</u>	<u>\$ 137</u>	<u>\$ 5.77</u>

- (1) For awards held by A-Mark employees, the fair value of the awards assumed in Distribution was based on the awards' fair value at grant date, which were determined by SGI prior to the Distribution. Since, the Company does not recognize compensation costs for the awards assumed in the Distribution held by employees of SGI, the calculation of the weighted average fair value per share price at grant date was solely based on the awards' fair value at grant date that were awarded to employees of A-Mark.

Restricted Stock Units

During the years ended June 30, 2015 and 2014, the Company incurred compensation expense related to RSUs granted to the Company's employees (including SGI employees who transferred to the Company in conjunction with the spinoff) that were settleable in shares of SGI common stock (prior to the date of Distribution) and settleable in shares of Company's common stock (subsequent to the date of Distribution and award modification) as set forth below.

in thousands

	Years Ended June 30,	
	2015	2014
RSUs-based Compensation Cost related to Share Settleable in:		
SGI common stock	\$ —	\$ 98.2
A-Mark common stock	99.5	34.9
Total RSUs based compensation costs	<u>\$ 99.5</u>	<u>\$ 133.1</u>

The remaining compensation expense that will be recorded under restricted stock grants totals\$0.1 million, which will be recorded over a weighted average period of approximately 0.8 years.

The following table summarizes the RSU activity for the year ended June 30, 2015:

	Shares	Weighted Average Share Price at Grant Date ⁽¹⁾
Outstanding at June 30, 2014	106,674	\$ 2.72
Shares granted	—	—
Shares released	(10,806)	4.31
Shares surrendered to cover employee minimum withholding taxes	(9,570)	4.31
Shares forfeited	—	—
Outstanding at June 30, 2015	86,298	\$ 2.34
Vested but unissued at June 30, 2015	—	\$ —

- (1) For awards held by A-Mark employees, the fair value of the awards assumed in Distribution was based on the awards' fair value at grant date, which were determined by SGI prior to the Distribution. Since, the Company does not recognize compensation costs for the awards assumed in the Distribution held by employees of SGI, the calculation of the weighted average share price at grant date was solely based on the awards' fair value at grant date that were awarded to employees of A-Mark.

The following table summarizes the RSU activity for the year ended June 30, 2014:

	Shares	Weighted Average Share Price at Grant Date ⁽¹⁾
Outstanding at June 30, 2013	—	\$ —
Shares granted	—	—
Shares issued in spinoff	130,646	2.22
Shares released	(11,033)	—
Shares surrendered to cover employee minimum withholding taxes	(4,549)	—
Shares forfeited	(8,390)	—
Outstanding at June 30, 2014	106,674	\$ 2.72
Vested but unissued at June 30, 2014	—	\$ —

- (1) For awards held by A-Mark employees, the fair value of the awards assumed in Distribution was based on the awards' fair value at grant date, which were determined by SGI prior to the Distribution. Since, the Company does not recognize compensation costs for the awards assumed in the Distribution held by employees of SGI, the calculation of the weighted average share price at grant date was solely based on the awards' fair value at grant date that were awarded to employees of A-Mark.

During fiscal years 2015 and 2014, certain RSUs of SGI and A-Mark employees that vested were net share-settled to cover the Company's minimum withholding tax obligation and the remaining amounts were converted into an equivalent number of shares of the Company's common stock. The Company withheld shares with value equivalent to the employer's minimum statutory obligation for the applicable income and other employment taxes, and remitted payment to SGI, the related-party entity obligated to remit the withholding taxes to the appropriate taxing authorities. The total shares withheld for fiscal years 2015 and 2014, were 9,570 and 4,549 RSUs respectively, which was based on the value of the RSUs on their vesting date as determined by the Company's closing stock price. Total payments for the employees' tax obligations to the taxing authorities during fiscal years 2015 and 2014 were approximately \$100,000 and \$53,000, respectively. These net-share settlements had the effect of share repurchases by the Company as they reduced and retired the number of shares that would have otherwise have been issued as a result of the vesting and did not represent an expense to the Company.

Tax benefit recognized for year ended June 30, 2015 was equal to the amount of vested shares included in the employees' Forms W-2. No tax benefit was recognized in the consolidated statements of income related to share-based compensation for the year ended June 30, 2014. No share-based compensation was capitalized for the years ended June 30, 2015 and 2014.

Stock Appreciation Rights

The Company, from time to time, may grant SARs to certain key employees and executive officers. The number of shares to be received under these awards ultimately depends on the appreciation in the Company's common stock over a specified period of time, generally 3.0 years. At the end of the stated appreciation period, the number of shares of common stock issued will

be equal in value to the appreciation in the shares of the Company's common stock, as measured from the stock's closing price on the date of grant to the average price in the last month of the third year of vesting. As of June 30, 2015, the Company had issued and outstanding 8,990 SARs with an average base price of \$50.31, in connection with the spinoff. At June 30, 2015 and June 30, 2014, there was no intrinsic value associated with these arrangements. The Company did not recognize any compensation expense related to these awards during the years ended June 30, 2015 and 2014. There is no remaining compensation expense that will be recorded for these awards.

Certain Anti-Takeover Provisions

The Company's Certificate of Incorporation and by-laws contain certain anti-takeover provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of the Company without negotiating with its Board. Such provisions could limit the price that certain investors might be willing to pay in the future for the Company's securities. Certain of such provisions provide for a Board with staggered terms, allow the Company to issue preferred stock with rights senior to those of the common stock, or impose various procedural and other requirements which could make it more difficult for stockholders to effect certain corporate actions.

15. CUSTOMER AND SUPPLIER CONCENTRATION

Customer Concentration

Customers providing 10 percent or more of the Company's revenues for the years ended June 30, 2015 and 2014 are listed below:

in thousands

	Years Ended June 30,		2015		2014	
	Amount	Percent	Amount	Percent	Amount	Percent
Total revenue	\$ 6,070,234	100.0%	\$ 5,979,354	100.0%		
<i>Customer concentrations</i>						
HSBC Bank USA	\$ 1,877,943	30.9%	\$ 1,547,631	25.9%		
Total	\$ 1,877,943	30.9%	\$ 1,547,631	25.9%		

Customers providing 10 percent or more of the Company's accounts receivable, excluding \$49.3 million and \$41.3 million of secured loans and \$11.4 million and \$22.2 million of derivative assets, as of June 30, 2015 and June 30, 2014, respectively, are listed below:

in thousands

	June 30,	2015		2014	
		Amount	Percent	Amount	Percent
Total accounts receivable, net (excluding secured loans and derivative assets)	\$ 30,055	100.0%	\$ 39,409	100.0%	
<i>Customer concentrations</i>					
United States Mint	\$ 9,781	32.5%	\$ —	—%	
Total	\$ 9,781	32.5%	\$ —	—%	

No single customer provided 10 percent or more of the Company's secured loans as of June 30, 2015

	June 30,	2015		2014		
		Amount	Percent	Amount	Percent	
Total secured loans	\$	49,316	100.0%	\$	41,261	100.0%
<i>Customer concentrations</i>						
Customer A		4,900	9.9	4,200	10.2	
Total	\$	4,900	9.9%	\$	4,200	10.2%

The loss of any of the above customers could have a material adverse effect on the operations of the Company.

Supplier Concentration

A-Mark buys precious metals from a variety of sources, including through brokers and dealers, from sovereign and private mints, from refiners and directly from customers. The Company believes that no one or small group of suppliers is critical to its business, since other sources of supply are available that provide similar products on comparable terms.

16. GEOGRAPHIC INFORMATION

Revenue are attributed to geographic location based on customer location. The Company's geographic operations are as follows:

in thousands

	Years Ended June 30,	2015		2014	
Revenue by geographic region:					
United States	\$	5,406,201		\$	5,170,788
Europe		320,167			385,221
North America, excluding United States		282,978			353,670
Asia Pacific		47,593			59,264
Africa		52			57
Australia		13,241			9,598
South America		2			756
Total revenue	\$	6,070,234		\$	5,979,354

in thousands

	June 30,	2015		2014	
Inventories by geographic region:					
United States	\$	173,939		\$	159,145
Europe		4,374			10,500
North America, excluding United States		12,287			4,091
Asia		901			1,818
Total inventories	\$	191,501		\$	175,554

in thousands

	June 30,	2015	2014
Assets by geographic region:			
United States	\$	302,046	\$ 285,092
Europe		10,668	14,137
North America, excluding United States		12,287	4,091
Asia		901	1,818
Total assets	\$	325,902	\$ 305,138

in thousands

	June 30,	2015	2014
Long term assets by segment/geographic region:			
United States	\$	13,204	\$ 9,726
Europe		72	89
Total long-term assets	\$	13,276	\$ 9,815

17. SUBSEQUENT EVENTS

Lines of Credit

Effective July 8, 2015, at the request of the Company, one of six institutional participants in the Company's Trading Credit Facility terminated its credit demand line of \$40.0 million. Effective July 10, 2015, the Company obtained a permanent increase in its demand Trading Credit Facility through an increase of the credit demand line of one of five remaining institutional participants from \$35.0 million to \$45.0 million. Effective September 11, 2015, the Company obtained a permanent increase in its demand Trading Credit Facility through an increase of the credit demand line of another institutional participant from \$35.0 million to \$40.0 million. As a result, the aggregate line available to the Company under the facility at September 24, 2015 is \$205.0 million.

Secured Loans to Related Parties

On July 23, 2015, CFC, a wholly owned subsidiary, entered into a loan agreement with Stack's Bowers Numismatics, LLC, a related party, providing a secured line of credit in the maximum principal amount of up to \$2.5 million, bearing interest at a competitive rate per annum. The amount of the initial draw was \$1.8 million, which has subsequently been partially repaid. The loan is secured by numismatic and semi-numismatic products.

Operating Lease

On August 28, 2015, Logistics entered into an amendment to its lease agreement with the landlord of the Nevada facility to expand the leased premises by an additional approximately 3,600 square feet at an additional cost of \$1.50 per each square foot per month, resulting in total leased premises of approximately 17,600 square feet.

Dividend Declaration

On September 11, 2015, the Board of Directors of the Company declared a quarterly cash dividend of \$0.05 per common share to stockholders of record at the close of business on September 24, 2015, which is scheduled to be paid on October 5, 2015.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

BDO USA, LLP ("BDO") was previously the principal accountants for A-Mark. On May 18, 2015, BDO resigned as the principal accountants for A-Mark. BDO had served as the principal accountant for A-Mark for the fiscal year ended June 30, 2014 and for the interim periods from July 1, 2014 through May 18, 2015. During the fiscal year ended June 30, 2014, and the interim periods from July 1, 2014 through May 18, 2015, there were no: (1) disagreements with BDO on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement, or (2) reportable events (as defined in Item 304(a)(1) of Regulation S-K). The audit report of BDO on the consolidated financial statements of A-Mark Precious Metals, Inc. and subsidiaries as of and for the year ended June 30, 2014, did not contain any adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles.

On June 12, 2015, Grant Thornton LLP ("Grant Thornton") was engaged as the principal accountants for A-Mark. During the fiscal years ended June 30, 2014 and June 30, 2013 and the subsequent interim periods through June 12, 2015, Grant Thornton

was not consulted as to the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on A-Mark's financial statements.

The decision to select Grant Thornton as our accountants was approved by the Audit Committee of A-Mark.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Accounting Officer, which position constitutes our principal financial officer within the meaning of SEC regulations (together, the "Certifying Officers"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the design and effectiveness of the Company's internal control over financial reporting as of June 30, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework* (2013 framework). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of June 30, 2015 based on criteria in *Internal Control-Integrated Framework* issued by the COSO.

As required under this Item 9A, the management's report titled "Management's Assessment of Control over Financial Reporting" is set forth in "Item 8 - Consolidated Financial Statements and Supplementary Data" and is incorporated herein by reference.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Set forth below is information regarding the directors and executive officers of the Company as of September __, 2015.

Name	Age	Position(s)
Gregory N. Roberts	53	Chief Executive Officer and Director
David W. G. Madge	55	President
Thor G. Gjerdrum	48	Executive Vice President and Chief Operating Officer
Gianluca Marzola	48	Chief Accounting Officer
Carol Meltzer	57	Executive Vice President, General Counsel and Secretary
Jeffrey D. Benjamin	54	Chairman of the Board and Director
Joel R. Anderson	72	Director
Ellis Landau	71	Director
Beverly Lepine	63	Director
William Montgomery	55	Director
John U. Moorhead	63	Director
Jess M. Ravich	58	Director

GREGORY N. ROBERTS: Chief Executive Officer and Director

Mr. Roberts has been Chief Executive Officer and a Director of A-Mark since July 2005. Mr. Roberts has served as President and Chief Executive Officer of SGI since March 2008. Mr. Roberts previously served as the President of SGI's North American coin division, which included A-Mark. He is also a lifetime member of the American Numismatic Association. Through his day-to-day involvement in all aspects of the Company's operations, Mr. Roberts provides a vital link between junior and senior management personnel and the general oversight and policy-setting responsibilities of the Board. Mr. Roberts is a director of SGI (serving as such since 2000). Mr. Roberts also serves as Chief Executive Officer of SGI under the Secondment Agreement between A-Mark and SGI.

Mr. Roberts brings to the Board expertise in numismatics and trading, extensive knowledge of the precious metals industry and, in his role as Chief Executive Officer, in-depth knowledge of the Company and its business.

DAVID W. G. MADGE: President

Mr. Madge has been President of A-Mark since September 2011. Prior to that, Mr. Madge held various positions with the Royal Canadian Mint (RCM), a Commercial Crown Corporation of the Government of Canada, since 1995, most recently serving as Executive Director of the Bullion and Refinery Business Services, which included the refinery plant operations. Mr. Madge previously served as Director of Bullion & Refinery Services for RCM, where he was responsible for global sales and marketing activities. Mr. Madge received a Bachelor of Science degree in 1983 and a Bachelor of Arts degree in 1987, each from the University of Waterloo (Ontario, Canada.)

THOR G. GJERDRUM: Executive Vice President and Chief Operating Officer

Mr. Gjerdrum has served as A-Mark's Executive Vice President and Chief Operating Officer since July 1, 2013 and as our Chief Financial Officer and Executive Vice President from 2002 to May 2008 and from May 2010 to June 30, 2013. Mr. Gjerdrum was Chief Financial Officer and Executive Vice President of SGI from June 2008 to April 2010. Previously, Mr. Gjerdrum held a variety of positions with two publicly traded telecommunications companies, the last of which was as Vice President of Finance, and worked in public accounting. Mr. Gjerdrum received a Bachelor of Science degree in accounting from Santa Clara University.

GIANLUCA MARZOLA: Chief Accounting Officer

Mr. Marzola has served as A-Mark's Chief Accounting Officer since July 1, 2013. Mr. Marzola joined A-Mark on September 2002 and held various accounting positions of increasing responsibility. He served as Controller from July 2008 to June 2013. Mr. Marzola received a B.S. in business/accounting from Universita'di Bologna, Italy.

CAROL MELTZER: Executive Vice President, General Counsel and Secretary

Ms. Meltzer has served as our General Counsel, Secretary and Executive Vice President since March 2014, assuming those offices at the time of the spinoff. She served as General Counsel, Secretary and Executive Vice President of SGI and its predecessor companies since 2006, and served in a variety of legal capacities for SGI since 1996. Ms. Meltzer previously practiced law at Stroock & Stroock & Lavan LLP and Kramer Levin Naftalis & Frankel LLP. Ms. Meltzer received B.A. and J.D. degrees from the University of Michigan, Ann Arbor. Ms. Meltzer also serves as General Counsel and Executive Vice President of SGI under the Secondment Agreement between A-Mark and SGI and serves as a director of SGI.

JEFFREY D. BENJAMIN: Chairman of the Board and Director

Mr. Benjamin has served as Chairman of the Board and a Director since March 2014. Mr. Benjamin has been a Senior Advisor to Cyrus Capital Partners, L.P. since 2008, where he assists with distressed investments. Mr. Benjamin also serves as a consultant to Apollo Management, L.P., a private investment fund, and from September 2002 to June 2008, Mr. Benjamin served as a senior advisor to Apollo Management, where he was responsible for a variety of investments in private equity, high yield and distressed securities. Mr. Benjamin served as non-Executive Chairman of the Board of SGI from 2012 until March 2014 and as a director of SGI from 2009 until March 2014. He is also a member of the boards of directors of American Airlines Group, Inc., Caesars Entertainment Corporation, Exco Resources, Inc. and Chemtura Corporation. Mr. Benjamin is a trustee of the American Numismatic Society and has had a long-standing personal interest in coin collecting. Mr. Benjamin holds an MBA from the Sloan School of Management at M.I.T. and a BA from Tufts University.

With his financial and business background and service as a public company director, including service with SGI at times A-Mark was a subsidiary, and his personal involvement in numismatics, Mr. Benjamin contributes to the Board in matters of corporate finance, governance, business development and industry strategy.

JOEL R. ANDERSON: Director

Mr. Anderson has served as a Director since March 2014. Mr. Anderson is the Chairman and Director of Anderson Media Corporation, the country's largest distributor and merchandiser of pre-recorded music and a major distributor of books, and is also the chairman and a director of various affiliated companies, including TNT Fireworks, the country's largest importer and distributor of consumer fireworks; Anderson Press, a major publisher of children's books and associated children's product; and Whitman Publishing Company, the leading publisher of books and related products for coin collections. Mr. Anderson has served as chairman and in other positions with Anderson Media Corporation for more than five years. He is a principal of Stack's LLC, SGI's joint venture partner in Stack's Bowers Galleries, a rare coin and currency auction house. Mr. Anderson served as a director of SGI from 2012 through March 2014. Mr. Anderson has been a member of the Board of Trustees of the American Numismatic Society since 2006 and serves on its nominating and governance committee. He is also a lifetime member of the American Numismatic Association. Mr. Anderson studied at the University of North Alabama.

Mr. Anderson's extensive business experience, combined with his personal interest and expertise in numismatics, provide the Board with insight and guidance in matters of business planning and growth strategy.

ELLIS LANDAU: Director

Mr. Landau has served as a Director since March 2014, and serves as Chairman of the Audit Committee and a member of the Compensation Committee. Mr. Landau is President, Treasurer and Director of ALST Casino Holdco, LLC, the holding company of Aliante Gaming, LLC, which owns and operates Aliante Casino + Hotel in Las Vegas, Nevada. In 2006, Mr. Landau retired as Executive Vice President and Chief Financial Officer of Boyd Gaming Corporation (NYSE: BYD), a position he held since he joined the company in 1990. Mr. Landau previously worked for Ramada Inc., later known as Aztar Corporation, where he served as Vice President and Treasurer, as well as U-Haul International in Phoenix and the Securities and Exchange Commission in Washington, D.C. Mr. Landau served as a director of SGI from 2012 until March 2014. From 2007 to 2011, Mr. Landau was a member of the Board of Directors of Pinnacle Entertainment, Inc. (NYSE:PNK), a leading gaming company, where he served as chairman of the audit committee and as a member of its nominating and governance committee and its compliance committee. Mr. Landau received his Bachelor of Arts in economics from Brandeis University and his M.B.A. in finance from Columbia University Business School.

Mr. Landau brings to the Board substantial finance, accounting and corporate governance experience, including the experience and ability to serve as the Chairman of the Audit Committee.

BEVERLEY LEPINE: Director

Ms. Lepine has served a Director since February 2015, and serves as a member of the Audit Committee. Ms. Lepine retired as Chief Operating Officer from the Royal Canadian Mint, a Canadian Federal Crown Corporation, after 27 years in various positions, including Chief Financial Officer and Vice President of Manufacturing. Prior to joining the Royal Canadian Mint, Ms. Lepine worked from 1980 until 1987 for the Treasury Board Secretariat of the Government of Canada and Via Rail Canada. Upon

graduating with a Bachelor's degree in Business Administration from Bishop's University in 1974, Ms. Lepine worked for Clarkson Gordon from 1974 until 1980 where she obtained her Chartered Public Accountant (CPA) designation in 1978. She obtained her Institute of Corporate Directors Certificate (ICD.D) in 2011. Ms. Lepine was Chair of the Board of Bruyere Continuing Care, a chronic continuing care hospital in Ottawa from 2008-2010 and is currently Treasurer and member of the Board of the Pallium Foundation.

Ms. Lepine's extensive knowledge of the worldwide minting and coinage industries provide the Board with insight and guidance in matters of business planning and growth strategy. She also brings a strong background in finance and accounting to bear as a member of the Audit Committee and as a director.

WILLIAM MONTGOMERY: Director

Mr. Montgomery has served as a Director since March 2014. Mr. Montgomery is a private investor with a focus on equities and real estate. He was Executive Vice President in charge of principal investments for Libra Securities from 1999-2000. Previously, he was a Managing Director at Salomon Brothers Inc., where he was a member of the fixed income arbitrage group with responsibility for proprietary investments in high yield securities, a distressed debt trader and a member of the investment banking group. Mr. Montgomery served as a director of SGI from 2012 until March 2014. He is a graduate of the University of Virginia and the Columbia University School of Law.

Mr. Montgomery brings to the Board expertise in investments, finance and capital markets, which the Company believes is particularly important as it seeks to grow its market presence.

JOHN U. ("JAY") MOORHEAD: Director

Mr. Moorhead has served as a Director since March 2014, and serves as Chairman of our Compensation Committee. He has been a managing director of Ewing Bemiss & Co., an investment banking firm, since 2009. Prior to joining Ewing Bemiss, Mr. Moorhead was a managing director at Westwood Capital from 2005 until 2009 and MillRock Partners from 2003 until 2005, boutique investment banking firms serving private middle market and public growth companies. From 2001 to 2003, Mr. Moorhead was a corporate finance partner at C.E. Unterberg, Towbin. Mr. Moorhead served as a director of SGI from 2012 until March 2014. Mr. Moorhead received his B.A. degree from the University of Vermont, and attended the Program for Management Development at Harvard Business School.

Mr. Moorhead brings to the Board expertise in corporate finance and valuable perspectives on public company growth and global competition. Mr. Moorhead also has experience in the area of executive compensation, which gives him the experience and ability to serve as Chairman of our Compensation Committee.

JESS M. RAVICH: Director

Mr. Ravich has served as a Director since March 2014. Mr. Ravich is group managing director and head of alternative products for The TCW Group, Inc., an international asset-management firm, which he joined in 2012. Prior to joining The TCW Group, Mr. Ravich served as managing director and head of capital markets of Houlihan, Lokey, Howard & Zukin, Inc., an international investment bank. From 1991 through November 2009, Mr. Ravich founded and served as chief executive officer of Libra Securities LLC, an investment banking firm serving the middle market. Prior to founding Libra, Mr. Ravich was an executive vice president of the fixed income department at Jefferies & Company, a Los Angeles-based brokerage firm, and a senior vice president at Drexel Burnham Lambert, where he was also a member of the executive committee of the high yield group. Mr. Ravich served as a director of SGI from 2009 until March 2014. He also serves on the Board of Directors of The Cherokee Group, Inc. (NASDAQ: CHKE). Mr. Ravich is a graduate of the Wharton School at the University of Pennsylvania and Harvard Law School, where he was an editor of the Harvard Law Review.

With his extensive background in investment banking and the financial markets, Mr. Ravich provides Board leadership in matters of strategic development and business initiatives, including potential growth through acquisitions.

Board Structure; Independence

Our Board of Directors currently consists of eight directors.

The Board of Directors has determined that the following directors qualify as independent directors under the rules of The NASDAQ Stock Market and the independence standards set forth in our Corporate Governance Guidelines: Messrs. Anderson, Benjamin, Landau, Montgomery, Moorhead and Ravich, and Ms. Lepine. You can find our Corporate Governance Guidelines on A-Mark's internet website, at www.amark.com (click on "investor relations" at the bottom of that page). The Board of Directors is not classified, so that all director seats will be for election at each annual meeting of our shareholders. There are no family relationships among any of our directors or executive officers.

You can find our corporate governance documents identified below on A-Mark's internet website, at www.amark.com (click on "Investor Relations" at the bottom of the page then click on "Governance Policies").

Committees of the Board

Our Board has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee

The duties and responsibilities of the Audit Committee are set forth in its written charter, available on our website, www.amark.com, and include the following:

- to oversee the quality and integrity of our financial statements and our accounting and financial reporting processes;
- to prepare the audit committee report required by the SEC in our annual proxy statements;
- to review and discuss with management and the independent registered public accounting firm our annual and quarterly financial statements;
- to review and discuss with management our earnings press releases;
- to appoint, compensate and oversee our independent registered public accounting firm, and pre-approve all auditing services and non-audit services to be provided to us by our independent registered public accounting firm;
- to review the qualifications, performance and independence of our independent registered public accounting firm; and
- to establish procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

The members of the Audit Committee are Messrs. Landau (Chairman), Montgomery, Moorhead and Ravich, and Ms. Lepine. Each of the members is an independent director, as defined under the rules of The NASDAQ Stock Market and our Corporate Governance Guidelines, and meets the criteria for independence under Rule 10A-3(b)(1) under the Securities and Exchange Act of 1934 and otherwise satisfies the conditions of The NASDAQ Stock Market rules for audit committee membership, including the financial literacy requirements. In addition, Mr. Landau qualifies as an "audit committee financial expert," in compliance with the rules and regulations of the SEC and The NASDAQ Stock Market.

Compensation Committee

The duties and responsibilities of the Compensation Committee are set forth in its written charter, available on our website, www.amark.com, and include the following:

- to determine, or recommend for determination by our board of directors, the compensation of our chief executive officer and other executive officers;
- to establish, review and consider employee compensation policies and procedures;
- to review and approve, or recommend to our board of directors for approval, any employment contracts or similar arrangement between the company and any executive officer of the company;
- to review and discuss with management the Company's compensation policies and practices and management's assessment of whether any risks arising from such policies and practices are reasonably likely to have a material adverse effect on the Company;
- to review, monitor, and make recommendations concerning incentive compensation plans, including the use of stock options and other equity-based plans; and
- to appoint, compensate and oversee any compensation consultant, legal counsel or other advisor retained by the Compensation Committee in its sole discretion;

The members of the Compensation Committee are Messrs. Moorhead (Chairman), Landau and Ravich. Each of the members of the Compensation Committee is an independent director, as defined under the rules of The NASDAQ Stock Market and our Corporate Governance Guidelines, and otherwise satisfies the conditions of The NASDAQ Stock Market rules for compensation committee membership.

Nominating and Corporate Governance Committee

The duties and responsibilities of the Nominating and Corporate Governance Committee set forth in its written charter, available on our website, www.amark.com, and include the following:

- to recommend to our board of directors proposed nominees for election to the board of directors by the shareholders at annual meetings, including an annual review as to the renominations of incumbents and proposed nominees for election by the board of directors to fill vacancies that occur between shareholder meetings;
- to make recommendations to the board of directors regarding corporate governance matters and practices;
and
- to recommend members for each committee of the board of directors.

The members of the Nominating and Governance Committee are Messrs. Ravich (Chairman), Montgomery and Moorhead and Ms. Lepine. Each of the members is an independent director, as defined under the rules of The NASDAQ Stock Market and our Corporate Governance Guidelines.

Code of Ethics

Our board of directors has adopted a Code of Ethics applicable to our directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and other senior officers, in accordance with applicable rules and regulations of the SEC and The NASDAQ Stock Market. Our code of ethics is available on our website, www.amark.com.

Corporate Governance Guidelines

Our Board of Directors has adopted our Corporate Governance Guidelines that sets forth our policies and procedures relating to corporate governance effective as of the distribution. Our Corporate Governance Guidelines is available on our website, www.amark.com.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The table below sets forth the compensation of the Company's NEOs for fiscal 2015 and 2014. In the case of Mr. Roberts, compensation for the portion of fiscal 2014 prior to the spinoff (July 1, 2013 through March 14, 2014) was paid by SGI for services in executive capacities at SGI.

Summary Compensation Table - Fiscal 2015 and 2014

Name and Principal Position (a)	Year (b)	Salary ⁽¹⁾	Bonus ⁽²⁾	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾	Total
		(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)	(\$) (h)	(\$) (i)
Gregory Roberts Chief Executive Officer and Director	2015	\$ 525,000	\$ 400,000	\$ —	\$ —	\$ —	\$ 19,776	\$ 944,776
	2014	\$ 525,000	\$ 500,000	\$ —	\$ —	\$ —	\$ 34,661	\$ 1,059,661
David W. G. Madge President	2015	\$ 425,000	\$ 700,000	\$ —	\$ —	\$ —	\$ 25,503	\$ 1,150,503
	2014	\$ 425,000	\$ 225,000	\$ —	\$ —	\$ —	\$ 29,671	\$ 679,671
Thor Gjerdrum Executive Vice President and Chief Operating Officer	2015	\$ 404,000	\$ 17,040	\$ —	\$ —	\$ 182,960	\$ 2,424	\$ 606,424
	2014	\$ 384,000	\$ 46,000	\$ —	\$ —	\$ 279,000	\$ 5,293	\$ 714,293

- (1) Fiscal 2015 salary amounts represent salary paid for services performed in the fiscal year. Salary payments received may vary due to the timing of pay periods that start in one fiscal year and end in the next.
- (2) In fiscal 2015, each NEO received a discretionary year-end bonus. In addition, Mr. Madge received a "completion bonus" of \$450,000 for completion of the term of his employment agreement (November 2011 through June 2015).
- (3) Each of the NEOs was granted an award opportunity for fiscal 2015 that constitutes a non-equity incentive plan award. Bonus and non-equity incentive plan compensation for the NEOs are described in greater detail below in "Narrative Discussion of Executive Compensation."
- (4) Amounts in this column, for fiscal 2015, are as follows:
- Mr. Roberts received \$4,500 as a car allowance, \$2,403 as a 401(k) matching contribution and \$12,873 as a cash payment in lieu of vacation time.
 - Mr. Madge received \$1,935 as a 401(k) matching contribution and \$23,568 as a cash payment in lieu of vacation time.
 - Mr. Gjerdrum received \$2,424 as a 401(k) matching contribution.

Outstanding Equity Awards At Fiscal Year-End - Fiscal 2015

Name	Options Awards ⁽¹⁾				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Gregory N. Roberts	23,972	—	10.43	2/15/2023	—	—
	23,972	—	12.52	2/15/2023	—	—
	23,972	—	14.61	2/15/2023	—	—
David W.G. Madge	—	—	—	—	—	—
Thor Gjerdrum	2,997 ⁽²⁾	—	50.32	7/15/2015	—	—

(1) All options and stock appreciation rights were fully vested and exercisable at June 30, 2015.

(2) This award is a stock appreciation right.

Narrative Discussion of Executive Compensation

In fiscal 2015 and following the spinoff in fiscal 2014, Mr. Roberts was employed by A-Mark and paid all compensation by A-Mark. During that time, under the Secondment Agreement between A-Mark and SGI, Mr. Roberts has provided services to SGI, as the Chief Executive Officer, President and a Director of SGI, for which SGI pays A-Mark. During the portion of fiscal 2014 before the spinoff, Mr. Roberts was employed directly by SGI and paid his compensation by SGI (this compensation is included in the Summary Compensation Table, above). Such SGI-paid compensation was paid for Mr. Roberts' service to A-Mark as Chief Executive Officer and a Director (A-Mark was then a subsidiary of SGI) and also for his service to SGI and its other subsidiaries.

Messrs. Madge and Gjerdrum were employed directly and compensated by A-Mark and its subsidiaries in fiscal 2014 and 2015, other than compensation relating to equity awards granted by SGI as compensation for services to A-Mark and its subsidiaries.

The Compensation Committee's approach to executive compensation has focused on providing total cash compensation at levels sufficient to attract and retain senior-level executives within our industry. Performance-based annual incentive awards, as part of the cash compensation opportunity, are a key element of the compensation of the NEOs, who are most directly responsible for our business results. The Committee has not issued equity awards to NEOs as part of annual compensation since the spinoff. Equity awards granted before the spinoff by SGI were assumed and adjusted to become equity awards of A-Mark. The Committee may consider granting equity-based compensation in the future to act as additional incentive that is aligned with the interests of stockholders and to promote retention of the executive and long-term service. During fiscal 2015, one NEO, Mr. Gjerdrum, realized compensation from equity awards, in the amount of \$150,590, the aggregate market value at June 30, 2015 of 14,383 restricted stock units that vested at that date.

We have chosen to formalize significant terms of employment of our NEOs by entering into employment agreements with them. This practice has helped us to attract and retain key executives and employees. In our financial services industry, there is a high degree of competition for talented executives and employees. Hiring often involves substantial negotiations regarding employment terms, which generally must be reflected in an employment agreement. Employment agreements offer us several advantages, particularly by fixing employment terms for specified time periods and thereby limiting renegotiations and also by including provisions for the protection of our business. Mr. Roberts' employment agreement was entered into on March 14, 2014, providing for an employment term extending until June 30, 2016. Mr. Gjerdrum's employment agreement was entered into on February 28, 2013 and substantially amended on February 28, 2014, providing for an employment term extending until June 30, 2016. Mr. Madge's employment agreement was entered into as of November 1, 2011, and provided for an employment term extending until June 30, 2015 (Mr. Madge's employment has continued after that date).

Under our NEOs' employment agreements, the NEO has the opportunity to earn a performance bonus based on achievement of a pre-specified level of pre-tax profit of A-Mark and, in the case of Mr. Roberts, SGI (included because A-Mark has agreed, under the Secondment Agreement, to provide Mr. Roberts' services to SGI). Such performance bonuses are intended to provide performance-based cash compensation that rewards our NEOs for their contribution to our financial performance. We view pre-

tax profit as a key financial metric for purposes of our business planning, and one that does not distort the incentives to management or promote undue risk and that substantially reflects the quality of the execution of our business plan by our management team.

For purposes of the employment agreements, “pre-tax profits” is defined as the A-Mark’s (or SGI’s, where relevant to Mr. Roberts) net income, as determined under Generally Accepted Accounting Principles or GAAP, for the given fiscal year, adjusted to eliminate the positive or negative effects of income taxes (in accordance with GAAP) and, in the case of Mr. Roberts and Mr. Gjerdrum, adjusted to eliminate the positive or negative effects of foreign currency exchange and, in the case of Mr. Roberts, adjusted to eliminate certain expenses incurred in connection with specified litigation affecting SGI and expenses of the spinoff.

The annual incentive formula specified for Mr. Roberts in his employment agreement, for fiscal 2015, was as follows:

If A-Mark and SGI pre-tax profits combined were at least \$5 million, then the annual incentive would equal:

- 12% of pre-tax profits up to \$8 million of pre-tax profits; plus
- 15% of pre-tax profits in excess of \$8 million, up to \$10 million of pre-tax profits; plus
- 18% of pre-tax profits in excess of \$10 million of pre-tax profits.

If such combined pre-tax profits were less than \$5.0 million, the Committee retained discretion to determine whether to pay any performance bonus and the amount thereof, up to a maximum for this discretionary amount of \$600,000. In addition, the Committee retained discretion to reduce the amount of any performance bonus payable under the above formula to an amount not less than \$3.0 million.

The performance bonus for Mr. Madge specified for fiscal 2015 was as follows:

If A-Mark were to achieve positive pre-tax profits, then the annual incentive would equal:

- 1.0% of pre-tax profits in excess of \$18 million, up to \$25 million of pre-tax profits; plus
- 3.0% of pre-tax profits in excess of \$25 million, up to \$30 million of pre-tax profits; plus
- 5.0% of pre-tax profits in excess of \$30 million, up to \$35 million of pre-tax profits; plus
- 6.0% of pre-tax profits in excess of \$35 million of pre-tax profits.

The Committee could award discretionary bonus amounts in excess of the amounts determined under the above formula.

The performance bonus for Mr. Gjerdrum specified for fiscal 2015 was as follows:

If A-Mark has pre-tax profits of at least \$5 million, a portion of the performance bonus will equal:

- 2.0% of such pre-tax profits up to \$10 million; plus
- 2.5% of such pre-tax profits in excess of \$10 million, up to \$20 million; plus
- 3.0% of pre-tax profits in excess of \$20 million.

The Committee could award discretionary bonus amounts in excess of the amounts determined under the above formula.

For fiscal 2015, the performance bonuses earned by our NEOs under the applicable pre-set performance formula were as follows:

Named Executive Officer	Earned Annual Incentive Fiscal 2015
Gregory N. Roberts	\$ —
David W.G. Madge	\$ —
Thor Gjerdrum	\$ 182,960

A-Mark earned fiscal 2015 pre-tax profits, calculated with the adjustments as described for Mr. Roberts above, of \$9.15 million. In the case of Mr. Roberts' annual incentive determination, SGI's performance for fiscal 2015 resulted in a substantial pre-tax loss, offsetting the positive pre-tax profit of A-Mark so that, under the annual incentive formula, no mandatory payout was earned. However, the threshold level of A-Mark pre-tax profits for a discretionary payout was met. In the case of Mr. Madge, A-Mark's pre-tax profit, though positive, failed to achieve the specified threshold for mandatory payout of an annual incentive, although the threshold level for payment of a discretionary bonus was met. In the case of Mr. Gjerdrum, A-Mark's pre-tax profit resulted in the non-equity incentive plan payout shown in the table above. The Committee makes its determinations based on preliminary calculations of financial results, retaining discretion to adjust awards for final financial results.

As in past years, the Committee awarded discretionary bonuses to NEOs for fiscal 2015 in recognition of good performance in areas not fully reflected in pre-tax profits. In determining to award a discretionary bonus, the Committee considered the satisfactory overall performance of each of the NEOs, as well as the fact that pre-specified threshold levels of A-Mark pre-tax profits set as a condition for payment of discretionary bonuses to some of the NEOs had been achieved. The Committee also considered specific achievements including, in the case of Mr. Roberts, the increase in A-Mark's market share in a difficult business environment, the effect of SGI's difficult business environment on the bonus formula and A-Mark's progress in its minority investments in promising businesses and, in the case of Mr. Madge, the increasing contribution to profits from A-Mark's Specialty Products. On that basis, the Committee awarded discretionary bonuses to each of the NEOs, as reflected in the Summary Compensation Table below. The amounts awarded were viewed by the Committee as appropriate based on the level of effort given by the executive team in fiscal 2015, but relatively low in relation to competitive annual incentives so that compensation levels remain aligned with our operating results.

Under his employment agreement, Mr. Madge earned a "completion bonus" of \$450,000 based on his continued service to A-Mark through June 30, 2015. This amount is included as fiscal 2015 compensation in the Summary Compensation Table, in the bonus column.

The employment agreements entered into with our NEOs provide for certain payments and benefits in the event of termination of the NEO due to death, total disability, by the employer not for cause or by the NEO for "Good Reason." In addition, the terms of an NEO's equity awards may be affected by a termination of employment.

Under the employment agreements, severance payments to the NEO are payable if, during the term of the employment agreement, the NEO's employment is terminated by us without cause or is terminated by the NEO for "Good Reason." Severance is payable as follows:

- For Mr. Roberts, a lump-sum amount equal to the greater of 75% of "Annualized Pay," which is the annual average of salary and performance bonuses paid for the previous three years, but in any event this severance amount will be not less than \$1,500,000.
- For Mr. Madge, for a termination before June 30, 2015, a pro rata payment of the Completion Bonus of \$450,000 as a lump sum, with pro ration based on the number of months worked from November 2011 divided by the total number of months (44) in his employment term under the employment agreement.
- For Mr. Gjerdrum, continued payments of base salary for one year at the rates specified in the employment agreement.

In addition, the NEOs would be entitled to the following:

- Payment of compensation accrued as of the date of termination, consisting of salary, performance bonus earned in any fiscal year completed before termination but not yet paid, unreimbursed business expenses reimbursable under the employer's expense policies and payment in lieu of accrued but unused vacation.
- Payment of the pro rata portion of the performance bonus for the fiscal year of termination (based on the portion of the fiscal year worked), payable if and when such bonus would have been paid if employment had continued.
- In the case of Mr. Roberts, continued health benefits paid by the employer for six months.
- In the case of Mr. Gjerdrum, for a termination before June 30, 2015, accelerated vesting of his outstanding RSUs.

Good Reason will arise if the employer materially decreases or fails to pay the NEO's base salary or performance bonus, or materially changes the NEO's job description or duties in a way adverse to the NEO, or relocates the NEO's job site by more than a specified distance without the NEO's consent, and in each case the employer fails to cure the circumstances after notice from the NEO. Other material breaches of the employment agreement may constitute "Good Reason" in some instances.

In the event of termination of employment in other circumstances, the termination payments and benefits would be as follows:

- For all terminations, the compensation accrued as of the date of termination (as summarized above) will be paid.
- In the event of termination due to death or total disability,
- Each NEO would receive the pro rata performance bonus for the fiscal year of termination.
- Mr. Roberts would receive the same severance and health benefits payable in the event of a termination by the employer not for cause, except that benefits would be reduced by the amount of any disability or death benefit received under employer plans.
- For a termination before June 30, 2015, Mr. Gjerdrum's RSUs would have become fully vested.

Under the employment agreements and equity award agreements, the NEO's rights are not enhanced based upon a change in control of A-Mark. The agreements provide, however, that certain payments under the agreements may be reduced if, following a change in control, the NEO would be subject to the "golden parachute" excise tax and the reduction in payments would result in the NEO realizing a greater after-tax amount.

The employment agreements provide that the NEOs will be entitled to receive medical insurance, group health, disability insurance and other benefits made generally available to employees, with some of the agreements providing assurance that the level of health benefits will not be diminished during the term of the agreement. The employment agreements also provide for indemnification to the NEOs for liabilities arising out of the NEO's employment. Mr. Roberts' employment agreement also provides a motor vehicle allowance of \$750 per month. The employment agreements obligate the NEOs not to solicit employees to terminate employment with us or to become employees of another entity for one year following a termination for cause.

Compensation of Directors

The board of directors has adopted a policy providing for cash-based compensation of non-employee directors. Director compensation will be reviewed by the board of directors annually and from time to time to ensure that compensation levels are fair and appropriate. Since the spin-off, equity awards have not been granted to directors except for a grant to a new director shortly following her joining the board of directors. In the future, the board of directors may consider granting equity awards as an element of annual non-employee director compensation. All directors are entitled to reimbursement by the Company for reasonable travel to and from meetings of the board of directors, and reasonable food and lodging expenses incurred in connection therewith and other reasonable expenses.

Under the current Director Compensation Policy, annual compensation of each non-employee director is as follows:

- (1) Cash retainer -- \$60,000 per year;
- (2) Cash retainer for service as Chairman of Audit Committee or Chairman of Compensation Committee -- \$10,000;
- (3) Cash retainer for service as Chairman of Nominating and Governance Committee -- \$5,000; and
- (4) Cash retainer for service as member (other than Chairman) of Audit Committee or Compensation Committee -- \$5,000.

No meeting fees are paid under the current Director Compensation Policy. Service as a member of a committee other than the Audit Committee or Compensation Committee does not result in additional compensation. Directors who are employees of the Company are not paid additional compensation for service as a director.

The Director Compensation Policy assumes service for a full year; directors who serve for less than the full year are entitled to receive a pro-rated portion of the applicable payment. Each "year", for purposes of the Director Compensation Policy, will be deemed to begin on the date of our annual meeting of stockholders.

Jeffrey D. Benjamin, the Chairman of the Board, receives no additional cash compensation for service in that capacity under this Policy (he does receive the regular annual retainer for service as a non-employee director, however). After she joined the board of directors in 2015, Beverley Lepine was granted an option to purchase 3,000 shares, at \$10.08 per share, vesting ratably over three years, and with a maximum term of ten years. In the event of termination of the director's service due to death, disability, or for any other reason not at the election of the director (excluding a termination for cause), the option will become fully vested and will remain outstanding for not more than two years thereafter. Upon termination of service for any other reason, the unvested

portion of the option will be forfeited and the vested portion of the option will remain outstanding for not more than 90 days thereafter.

The following table sets forth information regarding compensation earned by non-employee directors of the Company during fiscal 2015.

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Awards ⁽¹⁾ (\$) (d)	All Other Compensation (\$) (e)	Total (\$) (f)
Jeffrey D. Benjamin	\$ 60,000	\$ —	\$ —	\$ —	\$ 60,000
Joel Anderson	\$ 60,000	\$ —	\$ —	\$ —	\$ 60,000
Ellis Landau	\$ 75,000	\$ —	\$ —	\$ —	\$ 75,000
Beverly Lepine	\$ 10,500	\$ —	\$ 10,890	\$ —	\$ 21,390
William Montgomery	\$ 65,000	\$ —	\$ —	\$ —	\$ 65,000
John Moorhead	\$ 75,000	\$ —	\$ —	\$ —	\$ 75,000
Jess M. Ravich	\$ 75,000	\$ —	\$ —	\$ —	\$ 75,000

(1) At June 30, 2015, Ms. Lepine and Mr. Benjamin held stock options to purchase A-Mark shares. Ms. Lepine held an option to purchase 3,000 shares, exercisable at \$10.08 per share, with no part of the option then vested and exercisable. Mr. Benjamin held an option to purchase 119,856 shares at \$8.35 per share, which was vested and exercisable as to 47,943 shares and unvested and unexercisable as to 71,913 shares. This option was granted at the time of the spin-off in fiscal 2014, as a replacement and adjustment of an option to purchase 500,000 SGI shares.

12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following tables provide information with respect to the beneficial ownership of our common stock (our only class of outstanding capital stock) as September 22, 2015 by:

- each of our directors;
- each NEO named in the summary compensation table;
- all of our current directors and executive officers as a group; and
- each of our stockholders who has reported beneficial ownership of more than 5% of the outstanding class of our common stock.

Except as otherwise noted in the footnotes below, each person or entity identified in the tables reported having sole voting power and sole investment or dispositive power with respect to the shares of common stock reflected in the table.

Beneficial Ownership of Principal Stockholders

<i>Name of Beneficial Owner</i>	<i>Amount of Beneficial Ownership</i>	<i>Percent of Outstanding Common Stock⁽¹⁾</i>
Joel R. Anderson ⁽²⁾		
Charles C. Anderson		
Harold Anderson	727,016	10.4 %
Jeffrey D. Benjamin ⁽³⁾	813,303	11.5 %
William A. Richardson ⁽⁴⁾	1,012,728	14.5 %
Gregory N. Roberts ⁽⁵⁾	944,510	13.4 %

- (1) All percentages have been calculated based on 6,973,549 shares of A-Mark common stock outstanding at September 15, 2015.
- (2) Beneficial ownership of Joel R. Anderson, Charles C. Anderson and Harold Anderson is based on their Schedule 13D with the SEC reporting their beneficial ownership of our outstanding common stock, as a group, at March 20, 2014 and additional advice provided to A-Mark by Joel R. Anderson. Based on such information, the group's beneficial ownership of A-Mark common stock totaled 727,016 shares at September 15, 2015. Based on their Schedule 13D information, Joel R. Anderson had beneficial ownership of 304,553 shares, Charles C. Anderson had beneficial ownership of 366,338 shares, and Harold Anderson had beneficial ownership of 56,125 shares. The address of Joel R. and Charles C. Anderson is 202 North Court Street, Florence, Alabama 35630, and the address of Harold Anderson is 3101 Clairmont Road, Suite C, Atlanta, GA 30329.
- (3) Beneficial ownership of Jeffrey D. Benjamin is based on his amended Schedule 13D filed with the SEC reporting beneficial ownership of shares of A-Mark common stock at March 21, 2014 and additional advice provided to the Company. His beneficial ownership of A-Mark common stock totaled 789,332 shares, including 71,914 shares issuable to Mr. Benjamin upon exercise of stock options that are currently exercisable or will become exercisable within 60 days. The reported beneficial ownership also includes 250,000 shares held in a family trust as to which Mr. Benjamin neither has nor shares voting or dispositive power, as to which shares he disclaims beneficial ownership. Such beneficial ownership excludes 47,942 stock options that are not currently exercisable and will not become exercisable within 60 days. The address of Mr. Benjamin is 429 Santa Monica Blvd. Suite 230, Santa Monica, CA 90401.
- (4) Beneficial ownership of William A. Richardson is based on his amended Schedule 13D filed with the SEC reporting beneficial ownership of A-Mark common stock at March 21, 2014. His beneficial ownership of A-Mark common stock totaled 1,012,728 shares at March 21, 2014, including 778,938 shares owned directly by Silver Bow Ventures LLC (11.2% of the outstanding class) as to which Mr. Richardson shares voting and dispositive power with Gregory N. Roberts. The address of Mr. Richardson and Silver Bow Ventures LLC is 429 Santa Monica Blvd. Suite 230, Santa Monica, CA 90401.
- (5) Beneficial ownership of Gregory N. Roberts is based on his amended Schedule 13D filed with the SEC reporting beneficial ownership of A-Mark common stock at March 21, 2014 and additional advice provided to the Company. His beneficial ownership of A-Mark common stock totaled 944,510 shares, including 93,656 shares as to which Mr. Roberts shares voting and dispositive power with his wife and 778,938 shares owned directly by Silver Bow Ventures LLC (11.2% of the outstanding class) as to which Mr. Roberts shares voting and dispositive power with William Richardson, and including shares issuable to Mr. Roberts upon exercise of 71,916 options to acquire A-Mark common stock (as to which Mr. Roberts has sole voting and sole dispositive power). The address of Mr. Roberts is 429 Santa Monica Blvd. Suite 230, Santa Monica, CA 90401.

Beneficial Ownership of Management

<i>Name of Beneficial Owner</i>	<i>Amount and Nature Of Beneficial Ownership</i>	<i>Percent of Outstanding Common Stock⁽¹⁾</i>
Joel R. Anderson ⁽²⁾	727,016	10.4 %
Jeffrey D. Benjamin ⁽³⁾	813,303	11.5 %
Ellis Landau	179,025	2.6 %
Beverley Lepine	1,000	*
William Montgomery	248,662 ⁽⁴⁾	3.6 %
John U. Moorhead	18,272	*
Jess M. Ravich	257,226	3.7 %
Gregory N. Roberts ⁽⁵⁾	944,510	13.4 %
Thor G. Gjerdrum	51,151 ⁽⁶⁾	*
David W.G. Madge	—	*
All current directors and executive officers as a group (11 persons)	3,283,548 ⁽⁶⁾	46.0 %

* Less than 1%.

(1) See footnote (1) to the table under the caption “Beneficial Ownership of Principal Stockholders” above.

(2) See footnote (2) to the table under the caption “Beneficial Ownership of Principal Stockholders” above.

(3) See footnote (3) to the table under the caption “Beneficial Ownership of Principal Stockholders” above.

(4) Includes 177,745 shares that would be held in a trust as to which Mr. Montgomery has no voting power and limited dispositive power, and as to which shares Mr. Montgomery disclaims beneficial ownership.

(5) See footnote (5) to the table under the caption “Beneficial Ownership of Principal Stockholders” above.

(6) Includes 158,213 shares issuable upon exercise of stock options that are currently exercisable or will become exercisable within 60 days.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Agreements with SGI

Since the spinoff in March 2014, A-Mark and SGI have operated independently of each other, and neither has any ownership interest in the other. During fiscal 2014, A-Mark and SGI entered into agreements to govern their relationship and provide for an orderly transition, as described below. The terms of these agreements were determined before the spinoff, at times when A-Mark remained a wholly owned subsidiary of SGI.

Distribution Agreement

A-Mark entered into a separation and distribution agreement, referred to as the distribution agreement, with SGI, which set forth the principal actions taken in connection with the distribution by SGI of all A-Mark common stock in the spinoff, and also governs A-Mark's ongoing relationship with SGI following the spinoff.

A-Mark-SGI Arrangements. All agreements, arrangements, commitments and understandings, including most intercompany accounts payable or accounts receivable, between A-Mark and its subsidiaries and other affiliates, on the one hand, and SGI and its other subsidiaries and other affiliates, on the other hand, terminated effective as of the distribution, except certain agreements and arrangements that we and SGI expressly provided would survive the distribution.

The Distribution. The distribution agreement governed the rights and obligations of the parties regarding the distribution. Prior to the spinoff, SGI delivered all of the issued and outstanding A-Mark common stock to the distribution agent, which then electronically delivered those shares of A-Mark common stock to entitled SGI shareholders based on the applicable distribution ratio.

Exchange of Information. A-Mark and SGI also agreed to provide each other with access to information in the other party's possession or control owned by such party and created prior to the distribution date, or as may be reasonably necessary to comply with reporting, disclosure, filing or other requirements of any national securities exchange or governmental authority, for use in judicial, regulatory, administrative and other proceedings and to satisfy audit, accounting, litigation and other similar requests. A-Mark and SGI also agreed to retain such information in accordance with our respective record retention policies for at least seven years. Until the end of the first full fiscal year following the distribution, each party also agreed to use its reasonable best efforts to assist the other with respect to its financial reporting and audit obligations.

Release of Claims; Indemnification. A-Mark and SGI agreed to broad releases pursuant to which each released the other and its affiliates, successors and assigns and their respective shareholders, directors, officers, agents and employees from any claims against any of them that arise out of or relate to events, circumstances or actions occurring or failing to occur or any conditions existing at or prior to the time of the distribution. These releases will be subject to certain exceptions set forth in the distribution Agreement. A-Mark and SGI agreed to indemnify each other and each other's current and former directors, officers and employees against certain liabilities in connection with the distribution and each other's respective businesses.

Tax Separation Agreement

Prior to the distribution, A-Mark and SGI entered into a Tax Separation Agreement that governs the respective rights, responsibilities and obligations of SGI and A-Mark with respect to, among other things, liabilities for U.S. federal, state, local and other taxes. In addition to the allocation of tax liabilities, the Tax Separation Agreement addresses the preparation and filing of tax returns for such taxes and disputes with taxing authorities regarding such taxes. Under the terms of the Tax Separation Agreement, SGI must prepare and file tax returns for tax periods ending prior to the distribution date and for tax periods which include the distribution date but end after the distribution date, which include A-Mark and its subsidiaries. These tax returns are to be prepared on a basis consistent with past practices. A-Mark must cooperate in the preparation of these tax returns and have an opportunity to review and comment on these returns prior to filing. A-Mark must pay all taxes attributable to A-Mark and its subsidiaries, and is entitled to any refund with respect to taxes it has paid.

Pursuant to the Tax Separation Agreement A-Mark and SGI agreed not to: (i) enter into or approve proposed acquisition transactions within the meaning of Section 355(e) of the Internal Revenue Code, including merging or consolidating where another party may acquire more than 35%, by vote or value of its common stock; (ii) liquidate or partially liquidate; (iii) discontinue, sell or materially change its business; (iv) sell or otherwise dispose of more than 35% of its gross assets, or (v) engage in other actions, which could jeopardize the tax free nature of the distribution by SGI, for a period of 25 months from the distribution date, without the approval of the other party or obtaining a favorable private letter ruling from the Internal Revenue Service or an unqualified tax opinion that such actions will not result the distribution becoming taxable to SGI and its shareholders, or a waiver from the other party.

The Tax Separation Agreement also contains agreements concerning cooperation in the preparation and filing of tax returns; the determination of taxes attributable to and payable by A-Mark; handling of tax audits; retention and access of records necessary for the preparation and filing of tax returns, the determination of tax attributes of each of A-Mark and SGI, and indemnification obligations of A-Mark and SGI related to their respective tax obligations and breaches of the Agreement.

Secondment Agreement

Under the terms of the Secondment Agreement entered into between SGI and A-Mark, A-Mark agreed to make Gregory N. Roberts, our Chief Executive Officer, and Carol Meltzer, our Executive Vice President, General Counsel and Secretary, available to SGI for the performance of specified management and professional services following the spinoff, in exchange for an aggregate monthly secondment fee of \$150,000 payable by SGI and reimbursement by SGI of certain bonus payments. Neither Mr. Roberts nor Ms. Meltzer is to devote more than 20% of their professional working time on a monthly basis to SGI and in no event will the performance of services for SGI interfere with the performance of the duties and responsibilities of Mr. Roberts and Ms. Meltzer to A-Mark. In addition, to the services to be provided under the Secondment Agreement, both Mr. Roberts and Ms. Meltzer are permitted to serve as officers and directors of SGI since the spinoff. The Secondment Agreement will terminate on June 30, 2016 and is subject to earlier termination under certain circumstances. Under the Secondment Agreement, SGI is obligated to reimburse A-Mark for the portion of the performance bonus payable under Mr. Roberts' employment agreement with A-Mark attributable to pre-tax profits of SGI. See "[Compensation Discussion and Analysis](#)."

Replacement of SGI Equity Awards; Expenses of the spinoff

In connection with the spinoff, A-Mark agreed to replace all outstanding equity awards relating to SGI common stock with equity awards relating to A-Mark common stock. Under the Distribution Agreement, SGI agreed to pay the cost, fees and expenses of the spinoff. The replacement of outstanding equity awards in the spinoff is described in Item 11 under the caption "[Treatment of Equity-Based Compensation as a Result of the Spinoff](#)." A portion of the replaced equity awards were held by employees of or service providers to SGI who did not become employees of or service providers to A-Mark following the spinoff.

A total of 80,306 RSUs and 32,903 stock options relating to A-Mark common stock were granted in March 2014 by A-Mark to such SGI employees and service providers. However, A-Mark does not recognize compensation cost for financial reporting purposes relating to the awards replaced by A-Mark following the Distribution which were held by persons who remained employees of SGI.

Other Related Party Transactions

Sales and Purchases Made to Affiliate Companies

During the years ended June 30, 2015 and 2014, the Company made sales and purchases to various companies that had been under common control with A-Mark through the date of Distribution, and which have been deemed to be related parties as of June 30, 2015 and June 30, 2014.

in thousands

	Years Ended June 30,		2015		2014	
	Sales	Purchases	Sales	Purchases	Sales	Purchases
Related Party Company						
Calzona Ventures, LLC	\$ 157	\$ —	\$ 5,018	\$ 464		
Stack's Bowers Numismatics, LLC	7,364	9,201	11,925	11,187		
Related party, total	\$ 7,521	\$ 9,201	\$ 16,943	\$ 11,651		

As of June 30, 2015 and June 30, 2014, the Company's had related party receivables and payables balance as set forth below:

in thousands

	June 30,		2015		2014	
	Receivables	Payable	Receivables	Payable	Receivables	Payable
Related Party Company						
Calzona Ventures, LLC	\$ —	\$ —	\$ —	\$ 67		
Stack's Bowers Numismatics, LLC	2	10	2,563 ⁽¹⁾	205		
SGI (Former Parent)	1,095	—	3,289	—		
Related party, total	\$ 1,097	\$ 10	\$ 5,852	\$ 272		

1) Includes a secured short-term loan receivable totaling \$2.6 million bearing interest of 5.5% per annum, which was paid off in full, plus accrued interest, on August 19, 2014.

Secured Loans to Related Parties

On June 18, 2014, CFC assumed the rights to a secured portfolio of short-term loan receivable totaling \$2.6 million from Stack's Bowers (a related party). The Company reflects this transaction as a financing arrangement with a related party, secured by the portfolio of short-term loan receivables collateralized by numismatic and semi numismatic products and bearing interest at 5.5% per annum. This secured loan was paid off in full, plus accrued interest, on August 19, 2014. As of June 30, 2015, the aggregate carrying value of this loan was \$0.0 million.

On October 9, 2014, CFC entered into a loan agreement and related documents with Stack's Bowers, providing for a secured line of credit in the maximum principal amount of up to \$16.0 million, bearing interest at a competitive rate per annum, which is at an interest rate within the range of rates CFC charges its non-related parties. Advances under the line of credit are secured by numismatic and semi-numismatic products. As of June 30, 2015, the aggregate carrying value of this loan was \$0.0 million.

During the years ended June 30, 2015 and 2014, the Company earned approximately \$229,000 and \$3,000 in interest income related to loans made to Stack's Bowers (see [Note 4](#).)

Subsequent to fiscal 2015, on July 23, 2015, CFC entered into a loan agreement and related documents with Stack's Bowers, providing a secured line of credit in the maximum principal amount of up to \$2.5 million, bearing interest at a competitive rate per annum, which is at an interest rate within the range of rates CFC charges its non-related parties. The amount of the initial draw was \$1.8 million, which has subsequently been partially repaid. The loan is secured by numismatic and semi-numismatic products.

Secondment Agreement Fees and Reimbursements

Under the terms of the Secondment Agreement, A-Mark has agreed to make Gregory N. Roberts, our Chief Executive Officer, and Carol Meltzer, our Executive Vice President, General Counsel and Secretary, available to SGI for the performance of specified management and professional services following the spinoff in exchange for an annual secondment fee and reimbursement of certain bonus payments. The Secondment Agreement will terminate on June 30, 2016 and is subject to earlier termination under certain circumstances (see [Note 1](#)). The Company records the accrual of secondment fees as a reduction to selling, general and administration expense. During the years ended June 30, 2015 and 2014, the Company accrued \$0.2 million and \$0.2 million, respectively, of secondment fees related to secondment fees due by fiscal year-end. As of June 30, 2015 and June 30, 2014, the outstanding balance of secondment fees due from SGI was \$0.0 million and \$0.2 million, respectively.

Income Tax Sharing Obligations

The amounts receivable under the Company's income tax sharing obligation due from SGI, totaled \$1.1 million, and \$3.1 million as of June 30, 2015 and June 30, 2014, respectively, and is shown on the face of the consolidated balance sheets as income taxes receivable from Former Parent (see [Note 9](#).)

Dividends Paid

During the year ended June 30, 2014, the Company paid to SGI dividends totaling \$10.0 million, in regards to dividends declared prior to the spinoff. Following the spinoff, the Company initiated a cash dividend policy that calls for the payment of a quarterly cash dividend of \$0.05 per common share (see [Note 13](#).)

Transaction with Affiliate of Board Member

In February 2015, A-M Global Logistics, LLC ("Logistics"), a wholly owned subsidiary of the Company that was formed to operate the Company's logistics fulfillment center in Las Vegas, Nevada, entered into various agreements with W. A. Richardson Builders, LLC ("WAR"), for the buildout of and improvements to the Las Vegas premises. The amount involved under the WAR contract was approximately \$1.2 million, and Logistics paid WAR a fee equal to 5.0% of the contract work, or approximately \$0.1 million. The spouse of the Chairman of the Company's Audit Committee, Ellis Landau, is an owner and a managing member of WAR.

Purchase of A-Mark Shares from Certain Substantial Stockholders

On February 26, 2014, A-Mark entered into a Purchase Agreement with Afinsa Bienes Tangibles, S.A. En Liquidacion ("Afinsa"), Auctentia, S.L. ("Auctentia", Afinsa's wholly owned subsidiary) and SGI pursuant to which SGI agreed to purchase all shares of SGI common stock held by Afinsa and Auctentia (which together then beneficially owned approximately 9.7% of SGI's outstanding common stock), for an aggregate purchase price of \$6.4 million, payable in cash at two closings and plus interest from February 26, 2014. Under the Purchase Agreement, Afinsa and Auctentia agreed to sell to A-Mark any shares of common stock of A-Mark received by Afinsa and Auctentia in the then proposed spinoff. SGI purchased 50% of the shares of SGI common stock held by Afinsa and Auctentia for \$2.10 per SGI share in cash in February 2014. The purchase of those shares by SGI terminated any rights of the sellers to receive shares of A-Mark common stock as a distribution in the spinoff (which occurred in March 2014).

On June 4, 2014, A-Mark and the other parties entered into an amendment to the Purchase Agreement under which, among other things, SGI agreed to purchase all shares of SGI's common stock held by Afinsa and Auctentia, and Afinsa and Auctentia agreed to sell to A-Mark 379,033 shares of A-Mark common stock received by Afinsa and Auctentia in the spinoff. Under this amendment, on June 4, 2014, A-Mark purchased 5,520 shares of A-Mark common stock from Afinsa and 373,513 shares of A-Mark common stock from Auctentia for an aggregate purchase price of \$2.2 million, plus interest in the amount of \$0.02 million from February 26, 2014 at the rate of 4% per annum. As a result of that purchase by A-Mark, Afinsa and Auctentia ceased holding any shares of A-Mark common stock.

Policy and Procedures Governing Related Party Transactions

Our Board of Directors has adopted a written statement of policy regarding transactions with related persons, which we refer to as our "Statement of Policy Regarding Transactions with Related Persons." Our policy requires that a "related person" (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our general counsel any proposed "related person transaction" (defined as any transaction or series of related transactions that is reportable by us under Item 404(a) of

Regulation S-K in which we are or will be a participant and the amount involved exceeds \$120,000) in which such related person has or will have a direct or indirect material interest, together with all material facts with respect thereto. The general counsel must promptly communicate such information to our Audit Committee (references in this paragraph to the Audit Committee include any other independent body of our Board of Directors, which may act instead of the Audit Committee). No related-person transaction will be entered into without the approval or ratification of our Audit Committee. It is our policy that directors interested in a related-person transaction will recuse themselves from any such vote. Our policy does not specify the standards to be applied by our Audit Committee in determining whether or not to approve or ratify a related-person transaction, and we accordingly anticipate that these determinations will be made in accordance with principles of Delaware law generally applicable to directors of a Delaware corporation.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Grant Thornton, LLP audited the Company's consolidated financial statements for the fiscal year ended June 30, 2015, and has served as our independent registered public accounting firm since June 12, 2015.

BDO USA, LLP audited the Company's consolidated financial statements for the fiscal year ended June 30, 2014 and served as our independent registered public accounting firm until May 18, 2015.

Fees to Independent Registered Public Accounting Firm for Fiscal Years 2015 and 2014

The following table sets forth by fee category the aggregate fees for professional services rendered by (i) Grant Thornton, LLP for the fiscal year ended June 30, 2015 and (ii) BDO USA, LLP for the fiscal year ended June 30, 2014 and for the period from July 1, 2014 through May 18, 2015.

in thousands

Fee Category	Years Ended June 30,	2015	2014
		Grant Thornton LLP	BDO USA LLP
Audit fees ⁽¹⁾		\$ 515	\$ 490
Audit-related fees ⁽²⁾		—	—
Tax fees ⁽³⁾		—	—
All other fees ⁽⁴⁾		—	—
Total		\$ 515	\$ 490

- (1) Audit fees consisted of services rendered by the principal accountant for the audit and reviews of our annual and quarterly condensed consolidated financial statements. Such audit fees exclude fees of \$262,000 charged by BDO USA, LLP related to audit services performed in fiscal year 2015.
- (2) Audit-related fees includes the aggregate fees for assurance and related services provided that are reasonably related to the performance of the audits or reviews of the financial statements and which are not reported above under "Audit fees."
- (3) Tax fees consists of professional services rendered for tax compliance, tax planning, tax advice, and value added tax process review. The services for the fees disclosed under this category include tax return preparation, research and technical tax advice.
- (4) All other fees includes the aggregate fees for products and services provided that are not reported above under "Audit fees," "Audit-related fees" or "Tax fees."

Pre-Approval Policy

In accordance with the Sarbanes-Oxley Act of 2002, the Audit Committee established policies and procedures under which all audit and non-audit services performed by the Company's principal accountants must be approved in advance by the Audit Committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements

Index to Consolidated Financial Statements

	Page
Management's Assessment of Internal Controls Over Financial Reporting	31
Reports of Independent Registered Public Accounting Firm	32
Consolidated Balance Sheets	34
Consolidated Statements of Income	35
Consolidated Statements of Stockholders' Equity	36
Consolidated Statements of Cash Flows	37
Notes to Consolidated Financial Statements	38

2. Financial Statements Schedules

None.

3. Exhibits required to be filed by Item 601 of Regulation S-K

The information called for by this item is incorporated herein by reference to the [Exhibit Index](#) in this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: September 24, 2015

A-MARK PRECIOUS METALS, INC.

By: /s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

(Principal Executive Officer)

September 24, 2015

A-MARK PRECIOUS METALS, INC.

By: /s/ Gianluca Marzola

Name: Gianluca Marzola

Title: Chief Accounting Officer

(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title(s)</u>	<u>Date</u>
<u>/s/ Jeffrey D. Benjamin</u> Jeffrey D. Benjamin	Chairman of the Board	September 24, 2015
<u>/s/ Gregory N. Roberts</u> Gregory N. Roberts	Chief Executive Officer and Director (Principal Executive Officer)	September 24, 2015
<u>/s/ Gianluca Marzola</u> Gianluca Marzola	Chief Accounting Officer (Principal Financial Officer)	September 24, 2015
<u>/s/ Joel R. Anderson</u> Joel R. Anderson	Director	September 24, 2015
<u>/s/ Ellis Landau</u> Ellis Landau	Director	September 24, 2015
<u>/s/ Beverley Lepine</u> Beverley Lepine	Director	September 24, 2015
<u>/s/ William Montgomery</u> William Montgomery	Director	September 24, 2015
<u>/s/ John U. Moorhead</u> John U. Moorhead	Director	September 24, 2015
<u>/s/ Jess M. Ravich</u> Jess M. Ravich	Director	September 24, 2015

ITEM 6. EXHIBITS

Regulation S-K Exhibit Table Item No.	Description of Exhibit
2.1	Separation and Distribution Agreement between Spectrum Group International, Inc. and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-1; Registration No. 333-192260.
3.1	Amended and Restated Certificate of Incorporation of A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-1; Registration No. 333-192260.
3.3	Amended and Restated Bylaws of A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 3.4 to the Registration Statement on Form S-1; Registration No. 333-192260.
10.1	Secondment Agreement between Spectrum Group International, Inc. and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-1; Registration No. 333-192260.
10.2	Memorandum of Tax Sharing Agreement, dated as of June 23, 2011, between Spectrum Group International, Inc. and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1; Registration No. 333-192260.
10.3	Tax Separation Agreement between Spectrum Group International, Inc. and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-1; Registration No. 333-192260.
10.4	Second Amended And Restated Collateral Agency and Intercreditor Agreement, dated September 4, 2014, by and among BNP Paribas, RB International Finance (USA) LLC, f/k/a RZB Finance LLC, Natixis, New York Branch, ABN AMRO Capital USA L.L.C., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., “Rabobank International”, New York Branch, HSBC Bank USA, N.A., Brown Brothers Harriman & Co., and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.1 to the 8-K filed with the SEC on September 16, 2014.
10.5	Second Amended and Restated General Security Agreement, by and among BNP Paribas, RB International Finance (USA) LLC, f/k/a RZB Finance LLC, Natixis, New York Branch, ABN AMRO Capital USA L.L.C., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., “Rabobank International”, New York Branch, HSBC Bank USA, N.A., Brown Brothers Harriman & Co., and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.4 to the 8-K filed with the SEC on September 16, 2014.
10.6	Promissory Note, dated August 22, 2014, in the principal amount of U.S.\$50,000,000, between Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., “Rabobank Nederland”, New York Branch, and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.2 to the 8-K filed with the SEC on September 16, 2014.
10.7	Line Letter, dated August 22, 2014, between Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., “Rabobank Nederland”, New York Branch, and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.3 to the 8-K filed with the SEC on September 16, 2014.
10.8	Second Amendment to Line Letter and Consent, dated as of August 3, 2012 between ABN AMRO CAPITAL USA LLC and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.26 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.9	Revised Terms and Conditions to Extend a Demand Line of Credit in Favor of A-Mark Precious Metals, Inc., dated September 12, 2012 with Brown Brothers Harriman & Co. Incorporated by reference to Exhibit 10.27 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.10	Replacement Promissory Note, dated March 31, 2011, between BNP Paribas and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.30 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.11	Amended and Restated Master Line Letter, dated August 21, 2002, between Natixis, New York Branch (f/k/a Natexis Banques Populaires, New York Branch) and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.29 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.12	Replacement Promissory Note, dated May 10, 2011, between RB International Finance (USA) LLC f/k/a RZB Finance LLC and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.30 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.13	ABN AMRO Line Letter, dated March 18, 2011. Incorporated by reference to Exhibit 10.31 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.14	ABN AMRO Line Letter, dated April 21, 2011. Incorporated by reference to Exhibit 10.32 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.15	ABN AMRO Second Amendment to Line Letter and consent, dated August 3, 2012. Incorporated by reference to Exhibit 10.33 of the Registration Statement on Form S-1; Registration No. 333-192260.

**Regulation S-K
Exhibit Table**

Item No.	Description of Exhibit
10.16	Fortis Capital Corp. Replacement Promissory Note, dated January 2008. Incorporated by reference to Exhibit 10.34 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.17	Non-Employee Director Compensation Policy of A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.36 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.18	Amended and Restated Employment Agreement, dated as of February 28, 2013, by and among A-Mark Precious Metals, Inc., Collateral Finance Corporation, Spectrum Group International, Inc. and Thor C. Gjerdrum. Incorporated by reference to Exhibit 10.37 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.19	Amendment No. 1 to Amended and Restated Employment Agreement, effective as of March 14, 2014, by and among A-Mark Precious Metals, Inc., Collateral Finance Corporation, Spectrum Group International, Inc. and Thor C. Gjerdrum. Incorporated by reference to Exhibit 10.19 of the Annual Report on Form 10-K for the year ended June 30, 2014.
10.20	Employment Agreement, effective as of March 14, 2014, by and between Greg Roberts and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.20 of the Annual Report on Form 10-K for the year ended June 30, 2014.
10.21	Employment Agreement, dated August 29, 2011, by and between A-Mark Precious Metals, Inc. and David Madge. Incorporated by reference to Exhibit 10.39 to the Registration Statement on Form S-1; Registration No. 333-192260.
10.22	Form of 2014 Stock Award and Incentive Plan of A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.40 of the Registration Statement on Form S-1; Registration No. 333-192260.
10.23 *	Air Cargo Center Lease between MCP CARGO, LLC as Landlord, and A-M Global Logistics, LLC as tenant, dated November 21, 2014.
10.24 *	First Amendment to Air Cargo Center Lease between MCP CARGO, LLC as Landlord, and A-M Global Logistics, LLC as tenant, dated August 28, 2015.
10.25	Amended and Restated Uncommitted Facility Letter, dated September 2, 2015, between BNP Paribas and A-Mark Precious Metals, Inc. Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on September 16, 2015.
16.1	Letter from BDO USA, LLP, dated May 22, 2015. Incorporated by reference to Exhibit 16 of the Report on Form 8-K filed on May 22, 2015.
21 *	List of Subsidiaries of A-Mark Precious Metals, Inc.
31.1 *	Certification Under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification Under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification Under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 *	Certification Under Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS *	XBRL Instance Document.
101.SCH *	XBRL Taxonomy Extension Calculation Schema Document.
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB *	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith

Supplemental Information to be Furnished with Reports Filed Pursuant to Section 15(D) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

None.

AIR CARGO CENTER LEASE

MCP CARGO, LLC
<http://mundolasvegas.com/>

as Landlord,

and

A-M GLOBAL LOGISTICS, LLC,
a Delaware Limited Liability Company

as Tenant

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE

DESCRIPTION

1. Date: [November 21] , 2014.
2. Landlord: MCP CARGO, LLC, a Nevada limited liability company
3. Tenant: A-M GLOBAL LOGISTICS, LLC,
a Delaware limited liability company
4. Project (Article 1). That certain air cargo center (the "**Project**") located in the Marnell Air Cargo Center, at 6055 Surrey Street, in the City Las Vegas, County of Clark, State of Nevada, 89119, which Project is legally described in **Exhibit "A-3"** attached to the Lease, as generally depicted on **Exhibit "A-1"** to the Lease (the "**Site Plan**").
5. Building (Article 1). That certain building (the "**Building**") located in the Project, more commonly known as Marnell Air Cargo Center - Building 2, 6055 Surrey Street, Las Vegas, Nevada, containing approximately One Hundred Twenty One Thousand Nine Hundred Ninety Two (121,992) square feet of floor area, subject to adjustment upon completion of the Building, as shown on the Site Plan attached hereto as **Exhibit "A-1"** to the Lease, with the core and shell construction to contain only those features set forth on the Work Letter Agreement attached hereto as "Exhibit "E" and which constitutes Landlord's Work as described therein.
6. Premises (Article 1). That certain space in the Building identified as Suite 105 and consisting of Thirteen Thousand Nine Hundred Seventy Nine (13,979) square feet of floor area (the "**Premises**", and as shown on **Exhibit "A-2"** to the Lease (the "**Depiction of Premises**")
7. Lease Term (Article 2).
- 7.1 Lease Term: Sixty (60) months.

7.2 Lease Commencement Date:

One Hundred Twenty (120) days following Landlord's delivery of the Premises; provided, however, that in the event Tenant opens for business prior to the expiration of such One Hundred Twenty (120) day period, then Tenant, commencing the date Tenant opens for business, shall be obligated to pay all amounts due under this Lease, including, without limitation, Rent (as such term is defined in the Lease). Landlord shall deliver to Tenant possession of the Premises in its As-Is (as such term is defined in the Lease) condition. Notwithstanding the foregoing, delivery of the Premises and Tenant possession shall not occur until the last to occur of the following:

- (a) The Lease has been fully executed by Tenant and Landlord, and all amounts to be paid at the time of execution paid by Tenant to Landlord; and
- (b) Tenant or Tenant's authorized agent has received notification from Landlord that the key to the Premises is available for pickup by Tenant or Tenant's authorized agent.

7.3 Lease Expiration Date:

The last day of the sixtieth (60th) full calendar month of the Lease Term (the "**Lease Expiration Date**").

7.4 Options to Extend

None.

8. Rent (Article 3).

8.1 Base Rent (Initial Term):

The monthly Base Rent shall be equal to One and 50/100 Dollars (\$1.50) for each square foot of floor area in the Premises, with increases pursuant to Article 3 of the Lease. The annual Base Rent for the first year of the Lease Term is estimated to be equal to Two Hundred Fifty One Thousand Six Hundred Twenty Two and No/100s Dollars (\$251,622.00).

9. Guarantor:

A-Mark Precious Metals, Inc., a Delaware corporation.

10. Permitted Use (Article 5):

Subject to Section 5.1 of the Lease, the Premises shall be occupied and used solely for a precious metals trading company services/warehouse/secured storage/office that must be compatible with M-D zoning.

11. Tenant's Trade Name (Section 5.1):

None

12. Security Deposit (Article 21):

Twenty Thousand Nine Hundred Sixty Eight and 50/100 Dollars (\$20,968.50)

13. Addresses of Landlord and
Tenant (Article 22).

13.1 Address of Landlord:

MCP CARGO, LLC
222 Via Marnell Way
Las Vegas, NV 89119
Attn: Property Administrator

With copies of all notices to:

Kolesar & Leatham
400 S. Rampart, Suite 400
Las Vegas, Nevada 89145
Attn: Joseph J. Muga, Esq.
Tele. No.: (702) 362-7800

13.2 Address of Tenant:

429 Santa Monica Boulevard, Suite 230
Santa Monica, California 90401

14. Landlord's Broker (Article 24):

None

Tenant's Broker (Article 24):

None

15. Tenant Allowance:

Subject to Exhibit "E" of this Lease, Landlord will provide an Allowance (as further defined in Exhibit "E" attached to the Lease) up to Forty and 00/100 Dollars (\$40.00) per square foot of the Premises, for a total amount up to but not to exceed Five Hundred Fifty Nine Thousand One Hundred Sixty and 00/100 Dollars (\$559,160.00), and which includes all costs associated with the installation of a dock high door for the Premises.

16. Right of First Offer:

Contemporaneously with the execution of the Lease, Landlord and Tenant shall execute the Right of First Offer to Lease attached hereto as Exhibit "I".

TABLE OF CONTENTS

ARTICLES PAGE

ARTICLE 1

PREMISES, PROJECT AND COMMON AREAS

- 1.1 Premises, Building, Project and Common Areas
- 1.2 Improvement of Premises

ARTICLE 2

LEASE TERM

- 2.1 Initial Term
- 2.2 Options to Extend

ARTICLE 3

BASE RENT

- 3.1 Base Rent Payment
- 3.2 Base Rent Increases

ARTICLE 4

ADDITIONAL RENT

- 4.1 General Terms; Net Lease
- 4.2 Definitions of Key Terms Relating to Additional Rent
- 4.3 Estimated Payments and Annual Adjustments
- 4.4 Intentionally Omitted
- 4.5 Personal Property Taxes

ARTICLE 5

USE OF PREMISES; OPENING FOR BUSINESS AND OPERATING COVENANTS

- 5.1 Permitted Use
- 5.2 Duties and Quality Standards; Prohibited Conduct
- 5.3 Labor Harmony
- 5.4 Hazardous Materials
- 5.5 Refuse
- 5.6 Deliveries

ARTICLE 6

SERVICES AND UTILITIES

- 6.1 Cleaning and Maintenance
- 6.2 Utilities
- 6.3 Landlord Control of Exterior Lighting
- 6.4 Interruption of Utilities

ARTICLE 7

REPAIRS

ARTICLE 8

ADDITIONS AND ALTERATIONS

- 8.1 Landlord's Consent to Alterations
- 8.2 Manner of Construction
- 8.3 Payment for Improvements
- 8.4 Construction Insurance
- 8.5 Landlord's Property

ARTICLE 9

COVENANT AGAINST LIENS

ARTICLE 10

INSURANCE

- 10.1 Indemnification and Waiver
- 10.2 Landlord's Insurance
- 10.3 Tenant's Insurance
- 10.4 Policy Requirements
- 10.5 Increase in Coverage.
- 10.6 Blanket Coverage.
- 10.7 Subrogation.

ARTICLE 11

DAMAGE AND DESTRUCTION

- 11.1 Insured Casualty.
- 11.2 Uninsured Casualty.
- 11.3 Damage to the Project.
- 11.4 Damage Near End of Term.
- 11.5 Release of Liability.
- 11.6 Abatement of Rent.
- 11.7 Waiver of Statutory Provisions
- 11.8 Lender's Prior Rights to Insurance Proceeds

ARTICLE 12

NONWAIVER

ARTICLE 13

CONDEMNATION

- 13.1 Permanent Taking
- 13.2 Temporary Taking

ARTICLE 14

ASSIGNMENT AND SUBLETTING

- 14.1 Transfers
- 14.2 Landlord's Consent
- 14.3 Effect of Transfer
- 14.4 Additional Transfers
- 14.5 Landlord's Right of First Refusal
- 14.6 No Release of Tenant

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

- 15.1 Surrender of Premises
- 15.2 Removal of Tenant Property by Tenant
- 15.3 Removal of Tenant's Property by Landlord
- 15.4 Landlord's Actions on Premises

ARTICLE 16

HOLDING OVER

ARTICLE 17

ESTOPPEL CERTIFICATES

ARTICLE 18

SUBORDINATION

ARTICLE 19

DEFAULTS; REMEDIES

- 19.1 Events of Default by Tenant
- 19.2 Landlord's Remedies Upon Default by Tenant
- 19.3 Sublessees of Tenant

- 19.4 Form of Payment After Default
- 19.5 Waiver of Default
- 19.6 Efforts to Relet
- 19.7 Landlord Default

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

ARTICLE 21

SECURITY DEPOSIT

ARTICLE 22

NOTICES

ARTICLE 23

DEVELOPMENT OF THE PROJECT

ARTICLE 24

BROKERS

ARTICLE 25

LATE CHARGES

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

- 26.1 Landlord's Cure

- 26.2 Tenant's Reimbursement

ARTICLE 27

ENTRY BY LANDLORD

ARTICLE 28

PARKING

ARTICLE 29

MISCELLANEOUS PROVISIONS

- 29.1 Terms
- 29.2 Binding Effect
- 29.3 No Air Rights
- 29.4 Short Form of Lease
- 29.5 Transfer of Landlord's Interest
- 29.6 Prohibition Against Recording
- 29.7 Landlord's Title
- 29.8 Captions
- 29.9 Relationship of Parties
- 29.10 Application of Payments
- 29.11 Time of Essence
- 29.12 Partial Invalidity
- 29.13 No Warranty
- 29.14 Financial Statements
- 29.15 Entire Agreement
- 29.16 Right to Lease
- 29.17 Force Majeure
- 29.18 Waiver of Redemption by Tenant
- 29.19 Joint and Several
- 29.20 Authority
- 29.21 Attorneys' Fees; Waiver of Jury Trial
- 29.22 Governing Law and Venue
- 29.23 Submission of Lease

- 29.24 Intentionally Omitted
- 29.25 Independent Covenants
- 29.26 Project Name and Signage
- 29.27 Confidentiality
- 29.28 Intentionally Omitted
- 29.29 Interpretation
- 29.30 Rules
- 29.31 Security Officers
- 29.32 Real Estate Investment Trust
- 29.33 Landlord Consent
- 29.34 Time

LIST OF EXHIBITS

Principal Reference

<u>Exhibit</u>	<u>In Section</u>	
"A-1"	Site Plan	Summary
"A-2"	Depiction of Premises	Summary
"A-3"	Legal Description of Project	Summary
"A-4"	Non-Exclusive Parking Area	Article 28
"A-5"	Exclusive Parking Area	Article 28
"B"	Notice of Lease Term Dates	2.1
"C"	Intentionally Omitted	
"D"	Form of Tenant's Estoppel Certificate	Article 17
"E"	Work Letter Agreement	1.1.1
"F"	Guaranty of Lease	Summary
"G"	Notice of Non-Responsibility	Section 8.1
"H"	Intentionally Omitted	
"I"	Right of First Offer	Summary
"J"	Master Lease	Section 5.2

AIR CARGO CENTER LEASE

This Project Lease (the "**Lease**"), which includes the preceding Summary of Basic Lease Information (the "**Summary**") attached hereto and incorporated herein by this reference, dated as of the date set forth in Section 1 of the Summary, is made by and between MCP CARGO, LLC, a Nevada limited liability company ("**Landlord**"), and A-M GLOBAL LOGISTICS, LLC, a Delaware limited liability company ("**Tenant**"). In the event of a conflict between the terms of the Summary and the terms of this Lease, the terms of this Lease shall prevail.

ARTICLE 1**PREMISES, PROJECT, AND COMMON AREAS****1.1 Premises, Building, Project, and Common Areas**

1.1.1 **The Premises.** Landlord is the owner of a leasehold interest (or on the Lease Commencement Date (as defined in Section 2.1) will be the owner of a leasehold interest) in the Premises (as defined in this Section 1.1). Upon and subject to the terms hereinafter set forth in this Lease and subject to the terms of the Restriction Documents (as defined in Section 5.2), Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, which are generally described in Section 6 of the Summary (the "**Premises**"), and all other improvements to be constructed on the Premises, all in accordance with the Work Letter Agreement attached hereto as **Exhibit "E"** (the "**Work Letter Agreement**"), and Tenant's non-exclusive rights to use the Common Areas described below. The Premises and all other improvements that are permanently affixed to the Premises may be collectively referred to herein as the "**Improvements.**" Landlord and Tenant agree that each party shall have the right, but not the obligation, to re-measure the Premises, within thirty (30) days after Tenant takes possession of the Premises. All measurements of the Premises shall be made from the outside of exterior walls and from the center of the interior demising partitions, including those measurements to establish the length and width of the Premises. Deductions shall not be allowed for columns, sprinkler risers, roof drains, vents, piping, waste lines, conduit, ventilation shafts and related items serving the other tenant space. In the event the number of square feet of floor area in the Premises as determined by such re-measurement is different from the number of square feet of floor area specified above in Section 6 of the Summary and based upon a mutually acceptable and finalized floor plan by Landlord and Tenant, Landlord shall, by written notice to Tenant, make a proportionate adjustment of Rent (as defined below) and other charges under this Lease which are calculated based on the actual number of square feet of floor area of the Premises.

1.1.2 **The Building.** The Premises is located within the Building (which Landlord has constructed or intends to construct) as described in Section 5 of the Summary and as depicted on **Exhibit "A-1"**.

1.1.3 **The Project.** The Premises, Building and Common Areas are located within the Project (which Landlord has constructed or intends to construct) described in Section 4 of the Summary which, in addition to the Premises and Common Areas described below, may also contain certain other buildings and improvements. Tenant acknowledges that the Project as depicted on **Exhibit "A-1"** is for purposes of convenience only and that Landlord reserves the right at any time during initial construction or thereafter to expand, reduce, remove, demolish, change, renovate, or construct any existing or new improvements at the Project.

1.1.4 Common Areas. Subject to the Restriction Documents (as defined in Section 5.2), Tenant shall have the non-exclusive right to use in common with other tenants in the Project those areas of the Project intended for common use (the "**Common Areas**"), including but not limited to parking areas, roads, streets, drives, truck and delivery passages, customer loading zones, landscaped and planted areas, parking lot lighting, exterior ramps, entrances to and exits from the Project, sidewalks, and all easements or other rights under any instrument creating covenants, conditions, easements, restrictions, or other rights with respect to any portion of the Common Areas. The Common Areas shall not include any actual or planned building areas depicted on **Exhibit "A-1"** or any other areas (whether depicted on **Exhibit "A-1"** or not) that are leased or intended for lease to or for the exclusive use of Landlord or any tenant or group of tenants in the Project.

1.1.5 Landlord's Use and Operation of the Project and Common Areas. Landlord reserves the right from time to time without notice to Tenant (i) to close temporarily any of the Common Areas; (ii) to make changes to the Common Areas, including, without limitation, changes in the location, size, and shape of the Common Areas; (iii) to add additional buildings and improvements to the Project; (iv) to designate land outside the Project to be part of the Project, and in connection with the improvement of such land to add additional buildings and Common Areas to the Project; (v) to use the Common Areas while engaged in making additional improvements, repairs, or alterations to the Project or to any adjacent land, or any portion thereof; and (vi) to do and perform such other acts and make such other changes in, to, or with respect to the Project and Common Areas or the expansion thereof as Landlord may deem to be appropriate. Landlord shall endeavor to reasonably minimize the effect upon Tenant's occupancy, access to, or conduct or operation of its business on the Premises when doing or causing anything to be done with respect to the Common Areas or the other portions of the Project (to the extent that Landlord controls or has the right to control that portion of the Project or the Premises). Tenant hereby agrees that Landlord's actions permitted under this Section 1.1.5 shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent (as defined in Section 4.1 below). Landlord shall have no responsibility and shall not be liable to Tenant for any reason because of any direct or indirect injury to or interference with Tenant's business arising from such activities, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from such activities, or for any inconvenience or annoyance occasioned by such activities, except to the extent arising from Landlord's willful misconduct or breach of this Lease.

1.2 Improvement of Premises.

All work required or necessary to complete the Premises for occupancy shall be the responsibility of the party(ies) as set forth in the Work Letter Agreement. Tenant acknowledges that Landlord has made no representations or warranties regarding the condition of the Premises or the Project except as expressly set forth in this Lease (including the Work Letter Agreement). Subject to any express representations and warranties set forth in this Lease, Tenant, by its execution hereof, hereby accepts the Premises in its "As-Is" condition, with all faults, whether patent or latent. The term "As-Is" shall mean the current condition of the Premises.

ARTICLE 2**LEASE TERM****2.1 Initial Term**

The terms and provisions of this Lease shall be effective as of the date of this Lease, except for the provisions of this Lease relating to the payment of Rent (as defined below in Section 4.1). The term of this Lease (the "**Lease Term**") shall be as set forth in Section 7.1 of the Summary, shall commence on the date set forth in Section 7.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 7.3 of the Summary (the "**Lease Expiration Date**"), unless this Lease is sooner terminated as hereinafter provided or unless extended pursuant to Section 2.2. For purposes of this Lease, the term "**Lease Year**" shall mean each twelve (12) month period during the Lease Term; provided, for the first Lease Year if the Lease Commencement Date occurs on a day other than the first day of a calendar month, the first Lease Year shall end on the last day of the twelfth (12th) full calendar month of the Lease Term, and the second (2nd) and each succeeding Lease Year shall commence on the first day of the next calendar month. The last Lease Year shall end on the Lease Expiration Date (unless the Lease is earlier terminated pursuant to the provisions hereof). At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit "B"** attached hereto (the "**Notice of Lease Term Dates**") to confirm the Lease Commencement Date and Lease Expiration Date, which notice, if true and correct, Tenant shall execute and return to Landlord within twenty (20) days of receipt thereof. If Tenant fails to execute and timely deliver the Notice of Lease Term Dates to Landlord, and Tenant has not otherwise notified Landlord of any requested revisions thereto by the end of such twenty (2) day period, Tenant shall be deemed to have accepted and agreed that the statements set forth in **Exhibit "B"** are true and correct, without exception.

2.2 Intentionally Omitted.**ARTICLE 3****BASE RENT****3.1 Base Rent Payment**

Beginning on the Lease Commencement Date, Tenant shall pay, without prior notice or demand, to Landlord at Landlord's Address (as set forth in Section 13.1 of the Summary) or at such other place as Landlord may from time to time designate in writing upon notice to Tenant at least thirty (30) days prior to the next ensuing payment date, in currency or a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("Base Rent") as set forth in Section 8 of the Summary, payable in equal monthly installments as set forth in Section 8 of the Summary in advance on or before the first day of each and every month during the Lease Term, without any setoff or deduction whatsoever unless otherwise provided herein. The Rent (Base Rent plus Additional Rent) for the first full month of the Lease Term shall be paid together with the Security Deposit, collectively as prepaid rent, on or before the Effective Date of this Lease. Prepaid rent is nonrefundable in the event of Tenant's default prior to the Lease Commencement Date. If any Base Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Base Rent is for a period which is shorter than one month, the Base Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Base Rent.

All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 Base Rent Increases

The Base Rent shall be increased on the first day of the thirteenth (13) month of the Lease Term and on each annual anniversary thereof during the Lease Term (the "Adjustment Month") by an amount equal to three percent (3%) of the Base Rent in effect immediately prior to a respective Adjustment Month. Landlord shall notify Tenant of each increase by delivering a written statement setting forth the new amount of the Base Rent. Tenant shall pay the new Base Rent from its effective date until the next periodic increase.

Landlord and Tenant acknowledge and agree that any failure of Tenant to surrender possession of the Premises on the Lease Expiration Date or earlier termination of this Lease shall result in substantial damages to Landlord, and that those damages are and will be impossible or impracticable to measure in advance. Accordingly, if Tenant does not surrender possession of the Premises to Landlord as set forth herein, Tenant shall be deemed a hold over tenant at sufferance and shall pay to Landlord, as liquidated damages, for each day that Tenant holds over in the Premises, an amount equal to one hundred fifty percent (150%) of the portion of the Base Rent payable during the last month of the Lease Term, plus Additional Rent that was payable by Tenant in the last full calendar year prior to the Lease Expiration Date or earlier termination of this Lease, prorated on the basis of a 365-day year. No provision of this Lease shall be deemed consent to permit Tenant to retain possession of the Premises after the Lease Expiration Date or earlier termination of this Lease and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises upon the Expiration Date or earlier termination of the Lease. Except as otherwise specifically stated in this Lease, all of the terms and conditions of this Lease shall remain in effect following any extension, renewal, or hold over of the original Lease Term.

ARTICLE 4

ADDITIONAL RENT

4.1 General Terms; "Net" Lease

As set forth in this Article 4, in addition to paying the Base Rent (as set forth in Section 8.1 of the Summary), Tenant shall pay Landlord Tenant's "Proportionate Share" of Operating Expenses (as defined in Section 4.2.2 below). Tenant's "Proportionate Share" shall equal a fraction, the numerator of which is the gross leasable floor area of the Premises, and the denominator of which is the total gross leasable floor area of the Building of which the Premises is a part. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease (other than Base Rent), are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are sometimes herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant that survive the expiration of the Lease Term, the obligations of Tenant to pay Additional Rent that accrue during the Lease Term shall survive the expiration of the Lease Term. Except for the payment of Tenant's Proportionate Share of Operating Expenses, which shall be paid in accordance with Sections 4.3, Landlord and Tenant acknowledge that it is their intent and agreement that this Lease be a "TRIPLE NET" lease and that as such, the provisions contained in this Lease are intended to pass on to Tenant or reimburse Landlord for all costs and expenses associated with this Lease and the Premises, and Tenant's operation therefrom. Landlord shall be responsible for those costs and expenses that this Lease expressly provides are Landlord's responsibility, which shall not be included in Operating Expenses unless

otherwise provided for herein. Landlord shall not be responsible for any other costs or expenses associated with this Lease or the Premises, including but not limited to those that this Lease expressly provides are Tenant's responsibility.

4.2 Definitions of Key Terms Relating to Additional Rent

As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.2 "**Operating Expenses**" shall mean all expenses, costs, and amounts of every kind and nature that Landlord incurs in connection with the use, ownership, management, maintenance, or operation of the Building (including all common Building areas) for any applicable Expense Year, including by way of illustration but not limitation, all of the following: (i) all amounts charged to the Building, and/or the parcel or Pad upon which the Building is located; (ii) Real Property Taxes; (iii) all costs, charges and surcharges for utilities, water, sewage, janitorial, waste disposal and refuse removal and all other utilities and services provided to the Building (including all common Building areas, including without limitation, all utility costs incurred to light the parking areas for the Building on a twenty-four (24) hour, seven (7) day a week basis) which are not separately metered or billed directly to tenants of the Building; (iv) insurance costs for which Landlord is responsible under this Lease or which Landlord or any mortgagee of Landlord deems necessary or prudent; (v) any costs levied, assessed or imposed pursuant to any applicable law or regulation; (vi) the cost (amortized over such period as Landlord reasonably determines, but in no event less than ten (10) years, together with interest at the Lease Interest Rate on the unamortized balance) of any capital improvements to the Building or equipment replacements for the Building made by Landlord after the Lease Commencement Date which are intended to reduce other Operating Expenses or are required by any laws or regulations or are necessary in order to operate the Building at the same quality level as prior to such replacement; (vii) costs and expenses of operation, repair and maintenance of all structural and mechanical portions and components of the Building including, without limitation, plumbing, communication, heating, ventilating and air-conditioning, elevator and other common Building systems, which are not otherwise the responsibility of any other tenant of the Building; (viii) utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from statutes or regulations or interpretations thereof, promulgated by any federal, state, regional, municipal or local government authority in connection with the use or occupancy of the Building (including, without limitation, energy conservation charges or surcharges); (ix) all costs incurred in the management and operation of the Building including, without limitation, gardening and landscaping, maintenance of all parking areas, maintenance of signs, resurfacing and repaving, painting, lighting, cleaning, graffiti removal and provision of Building security; (x) all personal property taxes levied on or attributable to personal property used in connection with the Building; (xi) depreciation on personal property owned by Landlord to the extent utilized in the operation or maintenance of the Building; (xii) rental or lease payments paid by Landlord for rented or leased personal property to the extent used in the operation or maintenance of the Building; (xiii) management fees in respect of the Building, wages, salaries and other labor costs to the extent incurred in the management and operation of the Building; (xiv) fees for required licenses and permits; (xv) reasonable legal, accounting and other professional fees; (xvi) reasonable and appropriate reserves for repair and replacement of equipment serving the Building; (xvii) wages, salaries and other labor costs and administrative expenses incurred in the management and operation of the Building; (xviii) any other expenses which would reasonably or customarily be included in the cost of managing, operating, maintaining and repairing buildings similar to the Building; and (xix) a reasonable allowance to Landlord for supervision of all of the foregoing not to exceed fifteen percent (15%) of the total of all Operating Expenses (such allowance reduced by the amount

paid by Landlord to any bonafide unaffiliated third party property manager to manage the Building only in the event Landlord retains such party to manage the Building). At Landlord's sole discretion, Landlord shall have the right to amortize any of the costs of repair or maintenance of the Building over such period as Landlord reasonably determines together with interest at the Lease Interest Rate on the unamortized balance, in lieu of including the entire amount of such costs in Operating Costs in the year such costs are incurred, provided Tenant shall not be responsible for its Proportionate Share of any such cost incurred by Landlord prior to the date of this Lease. Landlord shall not be required to provide a service as part of its operation and maintenance of the Building because of reference to a particular service in this Section.

(i) Operating Expenses shall not include: (a) capital expenditures not described in Section 4.2.2 (vi) above; (b) depreciation not described in Section 4.2.2(xi) above; (c) principal payments of mortgage or other non-operating debts of Landlord and which encumber all or any portion of the Building or the real property thereunder; (d) costs of any item to the extent Landlord is reimbursed by insurance or condemnation proceeds, or from other tenants of the Building; (e) costs of leasing space in the Building, including without limitation, brokerage commissions, lease concessions, rental abatements and construction allowances granted to specific tenants, permits or any other costs incurred in connection with renovating or other improvements made for other tenants of the Building; (f) costs of selling, financing or refinancing the Building; (g) other than as set forth in Section 4.2.2(xvii), Landlord's general corporate overhead and general and administrative expenses; (h) costs associated with operation of the Landlord, as the same are distinguished from the costs of operation of the Building and which fall outside of those costs described in Sections 4.2.2(xiii), 4.2.2(xiv), 4.2.2(xvii) and 4.2.2(xviii) above; (i) Landlord's charitable or political contributions; (j) other than reserves described in the definition of Operating Expenses, any reserves retained by Landlord; (k) fines or penalties not incurred as a result of, or relating to, any action or inaction of Tenant and which shall be the responsibility of Tenant; (l) organizational expenses of creating or operating the entity that constitutes Landlord; or (m) damages paid to Tenant hereunder or to other tenants of the Building under their respective leases.

(ii) Landlord shall (i) not make a profit by charging items to Operating Expenses that are otherwise also charged separately to another party and which such party is solely responsible and liable for payment, and (ii) other than reserves and allowances as described in the definition of Operating Expenses, Landlord shall not collect Operating Expenses from Tenant and all other tenants/occupants in the Building in an amount in excess of what Landlord incurred for the items included in Operating Expenses. Any refunds or discounts actually received by Landlord for any category of Operating Expenses shall reduce Operating Expenses in the applicable year (pertaining to such category of Operating Expenses).

4.2.3 **"Real Property Taxes"** shall mean any form of tax, assessment, license fee, license tax, business license fee, commercial rental tax, levy, charge, penalty, tax or similar imposition, imposed by any authority having the direct power to tax (including any city, county, state or federal government, or any school, agricultural, lighting, drainage, transportation, air pollution, environmental or other improvement or special assessment district) as against any legal or equitable interest of Landlord in the Building and/or the Premises, including, but not limited to, the following:

- (i) any tax on a landlord's "right" to rent or "right" to other income from the Premises or against Landlord's business of leasing the Premises;
- (ii) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of Real Property Taxes (it is the intention of Tenant and Landlord that all such new and increased assessments, taxes,

fees, levies and charges be included within the definition of "Real Property Taxes" for the purposes of this Lease);

(iii) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax or excise tax levied by the state, county, city or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management and maintenance, alteration, repair, use or occupancy of the Building, or any portion thereof;

(iv) any assessment, tax, fee, levy or charge upon this transaction creating or transferring an interest or an estate in the Premises;

(v) any assessment, tax, fee, levy or charge based upon the number of people employed, working at, or using the Premises or the Building, or utilizing public or private transportation to commute to the Premises or the Building; and

(vi) reasonable legal and other professional fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Real Property Taxes.

Real Property Taxes shall not include federal or state income, franchise, inheritance or estate taxes of Landlord or of any of the parties which comprise Landlord.

4.3 Estimated Payments and Annual Adjustments

Tenant shall pay Tenant's Proportionate Share of Operating Expenses, in advance, in monthly installments with the Base Rent based on Landlord's good faith estimate of the Operating Expenses. Landlord may adjust such estimates from time to time as Landlord determines, which adjustment will be effective as of the next payment date for Base Rent after notice of such adjustment to Tenant. By April 1 of each Expense Year during the Lease Term, or as soon thereafter as practicable, Landlord shall deliver to Tenant a statement, in reasonable detail, of the Operating Expenses as finally determined by Landlord for the preceding Expense Year and Tenant's Proportionate Share of such Operating Expenses. Upon Tenant's receipt of such statement, there shall be an adjustment between Landlord and Tenant, with payment to Landlord within fifteen (15) days of Tenant's receipt of such statement or credit given to Tenant, as the case may be, to reflect the finally determined Operating Expenses. Landlord's failure to provide such statement(s) shall in no way excuse Tenant from its obligation to pay Additional Rent and shall not constitute a waiver of Landlord's right to bill and collect such Additional Rent from Tenant in accordance with the terms of the Lease.

In the event of any dispute as to the amount of Tenant's Proportionate Share of Operating Expenses as set forth in the Operating Expenses statement, Tenant shall have the right, once, and only once, a year after no less than thirty (30) days prior written notice and at reasonable times, to inspect and photocopy Landlord's Operating Expenses records for the previous Expense Year only at the Address of Landlord (as specified in Section 13 of the Summary). If, after such inspection and photocopy, Tenant continues to dispute the amount of Tenant's Proportionate Share of Operating Expenses as set forth in the Operating Expenses statement, Tenant shall be entitled to retain a national, independent, certified public accountant mutually acceptable to Landlord and Tenant to audit Landlord's Operating Expenses records for the previous Expense Year only to determine the proper amount of Tenant's Proportionate Share of Operating Expenses. Landlord shall be entitled to review the results of such audit promptly after completion of same. If such audit determines that Landlord has overcharged Tenant, then within fifteen (15) days after the results of the audit are made

available to Landlord, Landlord shall credit Tenant the amount of such overcharge toward the payments of Base Rent and Additional Rent next coming due under this Lease. If such audit proves that Landlord has undercharged Tenant, then within fifteen (15) days after the results of the audit are made available to Tenant, Tenant shall pay to Landlord the amount of any such undercharge. Tenant agrees to pay the cost of such audit, provided that Landlord shall reimburse Tenant the amount of such cost if the audit proves that Landlord's determination of Tenant's Proportionate Share of Operating Expenses (as set forth in the Operating Expenses statement) was in error by more than five percent (5%).

4.4 Intentionally Omitted

4.5 Personal Property Taxes

Tenant shall pay before delinquency all taxes (including sales and use taxes), assessments, license fees, and public charges levied, assessed, or imposed upon its business operation as well as upon its merchandise, furniture, fixtures, equipment, and other personal property. In the event any such items of property are assessed with property of Landlord, then such assessment shall be equitably divided between Landlord and Tenant in a method mutually agreed upon in good faith by Landlord and Tenant.

ARTICLE 5

USE OF PREMISES; OPENING FOR BUSINESS AND OPERATING COVENANTS

5.1 Permitted Use

Subject to the Restriction Documents, Tenant shall use the Premises solely for the Permitted Use set forth in Section 10 of the Summary (the "**Permitted Use**") and under the Trade Name set forth in Section 11 of the Summary (the "**Trade Name**"), and in a first-class manner and character consistent with the Permitted Use; and Tenant shall not use or permit the Premises to be used for any other purpose or purposes whatsoever. Notwithstanding any other provision of this Lease, Tenant shall not engage in any activity or use on the Premises or the Project, or permit any activity or use by Tenant's employees, invitees, agents, or employees on the Premises or Project, that violates or contravenes the Restriction Documents, including without limitation, any prohibited uses contained therein. Landlord makes no warranty or representation that the Premises are suitable for Tenant's intended use or whether such use complies with all laws. Landlord does not grant Tenant any exclusive right to conduct any type or style of business in the Project or any portion thereof.

5.2 Duties and Quality Standards; Prohibited Conduct

5.2.1 Compliance with Rules and Regulations, Laws, and Restriction Documents. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any of its officers, employees, agents, servants, or contractors to use the Premises or Common Areas or any part thereof for any use or purpose contrary to or in violation of the Permitted Use, the Restriction Documents, the laws of the United States of America or the State of Nevada, or the ordinances, regulations, or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project or any part thereof. Landlord reserves the right, but shall not be obligated, to exclude or expel from the Project and the Premises any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of this Lease. Tenant shall comply with the Restriction Documents, which shall mean the following defined terms, inclusively:

-
- (a) The Term "**Master Lease**" as used herein shall mean that certain Lease Agreement by and between Landlord and the County of Clark (referred to herein along with its successors and assigns as the "**County**") that has been executed and which is attached hereto as **Exhibit "J"**. The Master Lease will be executed by all parties thereto as a condition precedent to the Lease Commencement Date. Provided, should Landlord be unable to obtain a mutually executed Master Lease with the County prior to Lease Commencement Date or should Landlord be unable to obtain the County's approval of this Lease prior to the Lease Commencement Date, then this Lease shall automatically terminate unless otherwise agreed to by Landlord and Tenant in writing. In the event that this Lease so terminates, neither party shall have any further liability or obligation to the other party for any obligation arising thereafter. This Lease and all of Tenant's rights hereunder are and shall be subject and subordinate to the Master Lease and any amendments or modifications thereof. Within ten (10) days after the receipt of a request from Landlord, County, or any mortgagee of Landlord, Tenant shall confirm such subordination by executing a recordable subordination agreement in form and content satisfactory to Landlord, County, and any mortgagee of Landlord.
- (b) The term "**Design Guidelines**" as used herein shall mean the design guidelines for the Project which Landlord may implement as amended from time to time.
- (c) The term "Sign Criteria" as used herein shall mean the signage criteria for the Project which Landlord shall implement and as amended from time to time.
- (d) The term "**Operating Directives**" as used herein shall mean that certain document issued by the Department of Aviation, Clark County, Nevada entitled McCarran International Airport Operating Directives as a complete revision on June 1, 2001, and as amended and revised from time to time. Tenant hereby acknowledges that it has received a copy of the Operating Directives prior to the execution of this Lease.

The Master Lease, Design Guidelines, Sign Criteria and Operating Directives, each of which may be amended from time to time, are collectively referred to as the "**Restriction Documents**". In the event of any conflict between the Restriction Documents and this Lease, as between Landlord and Tenant, the Restriction Documents shall control. This Lease and all of Tenant's rights hereunder are and shall be subject and subordinate to the Restriction Documents and any amendments or modifications thereof. If any of the documents comprising the Restriction Documents are not of record as of the date hereof, then this Lease shall automatically become subordinate to said documents upon their recordation. Within ten (10) days after the receipt of a request from Landlord or any Mortgagee, Tenant shall confirm such subordination by executing a recordable subordination agreement in a commercially reasonable form and content satisfactory to Landlord.

5.2.2 Prohibited Conduct. Tenant shall not at any time use or occupy or allow any person to use or occupy the Premises or the Project or any portion thereof or do or permit anything to be done or kept in the Premises or the Project or any portion thereof in any manner that: (i) violates any certificate of occupancy in force for the Premises or the Project; (ii) causes or is reasonably likely to cause damage to the Project, the Premises, or any equipment, facilities, or other systems therein; (iii) results in demonstrations, bomb threats, or other events that require evacuation of the Project or otherwise disrupt or interfere with the use, occupancy, or quiet enjoyment of the Project by other tenants and occupants; (iv) interferes with the

transmission or reception of microwave, television, radio, or other communications signals by antennae located on the roof of a building in the Project or elsewhere in the Project; or (v) violates or contravenes the Restriction Documents, including without limitation any prohibited uses as defined in the Restriction Documents or the leases of tenants in the Project. Tenant shall not use or allow another person or entity to use any part of the Premises for the storage, use, treatment, manufacture, or sale of Hazardous Material (as defined in Section 5.7). With Landlord's prior written consent, Tenant may maintain products in the Premises that are incidental to the operation or maintenance of its Premises, such as ordinary janitorial supplies, that contain chemicals that may be categorized as Hazardous Materials as long as Tenant uses such products in the Premises only, in compliance with all laws, and in the manner that such products are designed to be used. Notwithstanding any approval that Landlord may give, Tenant remains fully responsible for any claims, liabilities, and damages that may result from said items, and hereby indemnifies and holds Landlord harmless therefrom. Landlord reserves the right to reasonably terminate its consent at any time upon written notice to Tenant, and upon receipt of such a notice, Tenant agrees to cease use of said items and to promptly and lawfully remove them from the Premises. Tenant shall not cause, maintain, or permit any nuisance in, on, or about the Premises, nor shall Tenant commit or suffer to be committed any waste in or upon the Premises. Tenant shall not conduct or advertise on or from or pertaining to the Premises any auction or closing-out wholesale business, nor shall Tenant grant any concession, license, or permission to any third party to sell or take orders for merchandise or services in the Premises. Tenant shall not place or keep any tables, merchandise, or other items in the Common Areas and shall not be permitted to use any area outside of the Premises for any portion of Tenant's business operations, including the outdoor storage of merchandise, pallets, inventory, building materials, and any other personal property. Tenant shall not disturb, solicit, or canvass any occupant of the Project and shall cooperate with Landlord and its agents to prevent such activities. Tenant shall cause all liquids produced and or utilized to be disposed of in strict accordance with all applicable laws. All non-hazardous/non-toxic liquids shall be disposed of directly into the sewage system serving the Premises and shall not be dumped, poured, or allowed to drain into or across any parking area or the Common Areas.

Tenant, or Tenant's employees and agents, shall not solicit business in the Common Areas and shall not distribute any handbills or other advertising matter therein. No vending machines shall be installed, maintained, or operated upon the Premises without the written consent of Landlord. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance, except substances which are intended to be placed in said apparatus, of any kind whatsoever shall be thrown therein.

5.2.3 Signs; Merchandising and Advertising; Display Windows. Subject to the Restriction Documents, any required governmental approvals, and Landlord's prior written approval, which may be withheld in its sole discretion, Tenant shall be permitted exterior identification signage with respect to the Premises that shall be designed and installed at Tenant's sole cost and expense, with such signage located on the exterior of the Building directly above Tenant's entrance door and Tenant's suite entrance door to the Premises. All such exterior identification signage shall be furnished, maintained, and removed at the expiration of the Lease Term (with all damage caused by such removal to be repaired by Tenant), at Tenant's sole cost and expense. Tenant's right to the exterior identification signage described above is personal to the original Tenant executing this Lease and may not be assigned or transferred to, or utilized by, any other person or entity, except if it is a permitted transfer pursuant to Article 14. In the event of a permitted transfer, the exterior identification signage may be assigned to the approved Transferee. Except as expressly permitted in the first sentence of this Section 5.2.3 and except for any other signage approved by Landlord in its sole discretion, Tenant may not install any signs, advertising placards, names, insignia, trademarks, descriptive material, or any other similar item or items on the Premises (including the roof of the Premises, within the Premises if visible from the exterior, or on the doors, windows, or exterior walls of the Premises), in the

Common Areas or elsewhere in the Project without Landlord's prior written approval, which may be withheld in Landlord's sole discretion. Tenant shall not use any advertising media that Landlord shall reasonably deem objectionable to it or to other tenants or occupants of the Project, such as, without limiting the generality of the foregoing, loud speakers, phonographs, televisions, public address systems, sound amplifiers, radios, broadcasts, or telecasts within the Project or permit in the Premises any entertainment or other activities in a manner seen or heard outside of the Premises or disturbing to tenants or other occupants of the Project. Tenant shall not install any exterior lighting, exterior decorations, radio or television antenna, satellite, loud speaker or other device on the roof or exterior walls of the Premises, without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion. Any signs, notices, logos, trademarks, insignias, pictures, names, advertisements, or similar items that are installed but have not been individually approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant shall indemnify, defend, and save harmless Landlord from all claims, demands, loss, or damage to any person or property arising from any such installation, notwithstanding any consent by Landlord thereto. Notwithstanding this Section 5.2.3, if Tenant transfers its interest in this Lease to a Transferee pursuant to Section 14.1 of this Lease, Landlord's prior consent, which shall be within Landlord's sole discretion, shall be required to change identification signage or to install any exterior lighting, exterior decorations, radio or television antenna, satellite, loud speaker, or other device on the roof or exterior walls of the Premises.

5.3 Labor Harmony

Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials, or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor, or services in or about the Project, provided, however, Tenant shall not be obligated to terminate any contractor, worker, or supplier to the extent not permitted by any applicable agreement or contract or to the extent said termination would violate any applicable law.

5.4 Hazardous Materials

(i) For purposes of this Lease, "**Hazardous Materials**" means any explosives, radioactive materials, hazardous wastes, or hazardous substances, including without limitation substances defined as "hazardous substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 et. seq.; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. §§ 5101 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901 et seq.; or any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, waste, or substances now or at any time hereafter in effect (collectively, "**Hazardous Materials Laws**").

(ii) Tenant will not cause or permit the storage, use, generation, or disposition of any Hazardous Materials in, on, or about the Premises or the Project by Tenant, its agents, employees, or contractors, except as set forth in Section 5.2.2. Tenant will not permit the Premises to be used or operated in a manner that may cause the Premises or the Project to be contaminated by any Hazardous Materials in violation of any Hazardous Materials Laws. To the extent Tenant has knowledge of such actions or claims, Tenant will immediately advise Landlord in writing of (a) any and all enforcement, cleanup, remedial, removal, or other governmental or regulatory actions instituted, completed, or threatened pursuant to any Hazardous Materials Laws relating to any Hazardous Materials affecting the Premises; and (b) all claims made or threatened by any third party against Tenant, Landlord, or the Premises relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from any Hazardous Materials on or about the Premises. Tenant will not take any remedial action or enter into any agreements or settlements in response

to the presence of any Hazardous Materials in, on, or about the Premises, without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed and shall not be required in the event of an emergency.

(iii) Tenant will be solely responsible for and will defend, indemnify, and hold Landlord, its agents, and employees harmless from and against all demands, claims, actions, causes of action, proceedings, penalties, fines, damages, awards, judgments, assessments, losses, liabilities, obligations, costs, and expenses, including, without limitation, attorneys' fees and costs, resulting out of, resulting from, relating to or in connection with (a) Tenant's breach of its obligations in this Section 5.4, and/or (b) removal, cleanup, and restoration work and materials necessary to return the Premises and any other property to the condition existing prior to the introduction of Hazardous Materials by Tenant, its agents, employees, or contractors. Tenant's obligations under this Section 5.4 with respect to activities arising prior to the termination or expiration of this Lease will survive the expiration or other termination of this Lease.

(iv) To the best of Landlord's knowledge, without inquiry or investigation, as of the date of the execution of this Lease, no portion of the Premises is being used or has been used for the storage, use, generation, or disposal of Hazardous Materials, and there are no Hazardous Materials in, on, under or about the Premises.

5.5 Refuse

Tenant shall empty all trash, rubbish, waste material, and other garbage within the Premises on a regular basis and dispose of it in the Premises' trash containers, as approved by Landlord, at Tenant's expense. Tenant shall maintain said trash containers in a clean and orderly condition, completely enclosed and screened. Tenant shall not burn any garbage in or about the Premises or anywhere within the Project. If Tenant's garbage is of a deteriorating nature, creating offensive odors, Tenant shall utilize and maintain at its cost and expense refrigerated facilities as may be reasonably required by Landlord or by law.

5.6 Deliveries

The delivery, loading, unloading, and shipping of merchandise, supplies, inventory, fixtures, and other materials or goods of whatsoever nature to or from the Premises and all loading, unloading, and handling thereof shall be done at reasonable times from the Premises' loading dock, if any, and such other areas and means as are reasonably permitted by Landlord from time to time, but in no event shall Tenant be restricted from such activities between the hours of 7:00 a.m. and 10:00 p.m. Pacific Time. Tenant shall prevent delivery trucks and other vehicles servicing the Premises from parking or standing in service areas for undue periods of time. Landlord accepts no liability and is hereby relieved and released by Tenant in respect of the operation and security of the delivery facilities, or the adequacy thereof, or the acts or omissions of any person or persons engaged in the operation thereof, or in the acceptance, holding, handling, delivery or dispatch, or failure of any acceptance, holding, handling or dispatch, or any error, negligence, or delay therein. Landlord may from time to time make and amend regulations respecting delivery services. Tenant shall inform suppliers of such times and regulations respecting delivery so as to accommodate the ease of delivery to and from the Project. Tenant shall remove all such merchandise and other delivered items from the loading area or other Common Areas immediately upon such delivery.

ARTICLE 6**SERVICES AND UTILITIES****6.1 Cleaning and Maintenance**

During the Term, Tenant shall, at its own expense, keep the entire Premises and any loading docks and trash areas used by Tenant or serving the Premises in a neat and clean condition, including, but not limited to, re-lamping, removal of debris and garbage from the Premises and such loading docks, and cleaning of the exterior portions of the Premises and all windows, window frames, and doors of the Premises. Tenant, at its discretion, shall either separately contract at its sole expense for janitorial services for the entire Premises with reputable, janitorial contractors in accordance with the maintenance standards set forth in this Lease or self perform all or any portion of the janitorial services.

6.2 Utilities

Subject to the provisions of Section 1 of the Work Letter Agreement, from and after the date of this Lease, Landlord agrees that it will cause to be made available to Tenant upon or adjacent to the Premises, facilities for the delivery to the Premises of water, electricity, and telephone service, and for the removal of sewage from the Premises. Tenant agrees to use such utilities in connection with the use of the Premises. Such utilities may be separately metered at Landlord's option, in which case, Tenant shall make payment directly to the entities providing such utilities and services. Tenant agrees, at its own expense, to pay for all water, sewer, trash, electric current, and all other utilities used by Tenant on or from the Premises from and after the commencement of Tenant's Work, and Tenant agrees to provide, at Tenant's sole cost and expense, any check meters of the type required by Landlord or the appropriate governing authority. In the event that any utilities are furnished to the Premises by Landlord, whether sub-metered or otherwise, then and in that event, Tenant shall pay Landlord for such utilities, but the rates charged to Tenant by Landlord shall not exceed those of the public utility company furnishing same to Landlord as if its services were being furnished directly to Tenant. Where any such utilities are not separately metered, Landlord shall pro-rate same on an equitable basis. Landlord may pro-rate the cost of water service among Tenant and the other tenants of the Project serviced by the applicable meter based on the number of fixture units attributable to the Premises over the total number of fixture units serviced by the applicable meter (as defined in the Nevada Building Code and/or applicable state and/or county codes). Notwithstanding anything contained herein to the contrary, Tenant shall reimburse Landlord in full for the total costs and expenses relating to the monthly HVAC maintenance contract for the HVAC services for the Premises and the Clark County sewer fees, with such monthly reimbursement to be paid to Landlord by Tenant in the same manner as the Rent.

6.3 Landlord Control of Exterior Lighting.

Notwithstanding any provision to the contrary contained herein, Landlord and Tenant hereby acknowledge and agree that although Tenant shall be responsible for the entire cost of any utilities utilized by Tenant for the exterior lighting of the Premises, including without limitation, the illumination of any exterior Tenant signage, such utilities shall be tied to a Landlord-controlled utility relay and Landlord shall determine, in its sole and absolute discretion, the times when such utilities shall be turned on and off.

6.4 Interruption of Utilities

Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure, delay, diminution, or interruption of any utilities or services for any reason and such

failure, delay, diminution, or interruption shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for any injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to any such failure, delay, diminution, or interruption of such utilities or services because Tenant is required to insure against said interruption pursuant to Section 10.3 below.

ARTICLE 7

REPAIRS

Tenant agrees at all times from and after delivery of possession of the Premises to Tenant, and at its own cost and expense, to repair and maintain the Premises and every part thereof in good and tenable condition including, but not limited to, floor coverings, utility meters, pipes and conduits exclusively serving the Premises, all fixtures, heating and air conditioning equipment and ducting installed by Landlord in the Premises, and all other equipment therein, the storefront or storefronts including plate glass, all Tenant's signs and signage, locks and closing devices, and all window sash, casement or frames, doors and door frames, ceilings, ceiling tiles and lighting, and all items of repair, maintenance and improvement or reconstruction as may at any time or from time to time be required with respect to the Premises by any governmental agency having jurisdiction, but excluding the roof structure, exterior walls, structural portions of the Premises and structural floor, which are the sole responsibility of the Landlord, unless the same are required to be modified because of Tenant's use of the Premises or Tenant's alterations, improvements, additions, fixtures or personal property. Tenant agrees to operate the air conditioning equipment serving the Premises during all business hours so that inside temperatures of the Premises are maintained within a range in which a majority of adults will be comfortable in the Premises. All glass, both exterior and interior, shall be maintained at Tenant's sole cost and expense, and any glass broken shall be promptly replaced by Tenant with glass of the same kind, size and quality. Tenant's failure to replace broken glass within seventy-two (72) hours following the occurrence of the breakage, or the failure by Tenant to replace same with glass of the same kind, size and quality, shall constitute a breach hereof which shall, at Landlord's sole and arbitrary discretion, entitle Landlord to exercise any and all rights herein and any and all legal and equitable rights available to Landlord in connection therewith. The foregoing notwithstanding, Tenant shall not be permitted to (i) go onto the roof of the Premises without Landlord's prior written approval, (ii) penetrate the roof membrane without Landlord's prior approval and, upon obtaining such approval, only by using Landlord's approved roofing contractor, or (iii) make any repairs to the structural portion of the building or to any common building systems. If Tenant refuses or neglects to make repairs and/or maintain the Premises, or any portion thereof, including Tenant's storefront(s), in a manner reasonably satisfactory to Landlord, Landlord shall have the right, upon giving Tenant written notice of its election to do so, to make such repairs or perform such maintenance on behalf of and for the account of Tenant. In such event, the cost of such work shall be paid by Tenant promptly upon receipt of bills therefor. Failure of Tenant to pay any of said charges within ten (10) days of receipt of bills therefor shall constitute a default hereunder. Upon any surrender of the Premises, Tenant shall deliver the Premises to Landlord, upon the expiration or earlier termination of this Lease, in good order, condition and state of repair, ordinary wear and tear excepted, and excepting such items of repair as may be Landlord's obligation hereunder. Moreover, in the event that Tenant has signage rights on the Building under this Lease, then, upon any surrender of the Premises, Tenant shall also remove any such signage and deliver such portion of the Building to Landlord in its/their original condition.

Notwithstanding any provision of this Lease to the contrary, Tenant shall keep in good order and repair all heating and air conditioning equipment for the Premises. Tenant agrees to enter into a regularly scheduled preventative maintenance/service contract (the "**Service Contract**") on or before the Lease Commencement Date with a maintenance contractor selected by Landlord, for the servicing of all heating and air conditioning systems and equipment within the Premises. The Service Contract shall include all scheduled maintenance as recommended by the equipment manufacturer as set forth in the operation/maintenance manual. Notwithstanding the foregoing, Landlord may (but shall not be obligated to) elect to maintain and/or service the heating and air conditioning equipment serving the Premises, in which event, Tenant shall pay to Landlord all costs and expenses for the repair, maintenance and replacement of all heating and air conditioning equipment for the Premises. If Landlord shall so elect to maintain the heating and air condition equipment serving the Premises, then, at Landlord's option, commencing on the Lease Commencement Date and thereafter on the first (1st) day of each calendar month of the Lease Term, Tenant shall pay to Landlord one-twelfth (1/12) of an amount estimated by Landlord to be Tenant's share of such heating and air conditioning expenses for the ensuing calendar year or balance thereof (including reasonable reserves). On or before April 1 of each calendar year, or as soon thereafter as practicable, Landlord shall furnish Tenant a statement covering the preceding calendar year and the payments made by Tenant with respect to such calendar year as set forth above. If Tenant's share of such heating and air conditioning expenses exceeds Tenant's payments so made, Tenant shall pay Landlord the deficiency within ten (10) days after receipt of Landlord's statement. If Tenant's payments exceed Tenant's share of such heating and air conditioning expenses, Landlord shall have the option of (i) paying such excess to Tenant upon Landlord's delivery of such statement; or (ii) allowing Tenant to credit the excess against payments next thereafter to become due to Landlord for such expenses as set forth above. Failure of Tenant to pay any of the charges required by this Section to be paid when due shall constitute a material default under the terms of this Lease. Expenses incurred in connection with the operation, maintenance, repair and replacement of heating and air conditioning equipment by the party performing same shall include, but not be limited to, all sums expended in connection with such heating and air conditioning equipment for all general maintenance, lubrication and/or adjustments, cleaning and/or replacing filters, replacing belts, repairing and/or replacing worn out parts, repairing and/or replacing utilities, duct work and machinery, maintenance and insurance contracts carried on the heating and air conditioning equipment, and all other items of expense incurred by such party in connection with the operation, maintenance, repair and replacement of the heating and air conditioning equipment.

Landlord shall maintain and repair, or cause to be repaired and maintained, in good condition and repair, the Common Areas of the Project and the foundations, exterior structural walls, and structural roof of the Building; provided, to the extent that such maintenance and repairs are caused by the negligence, willful misconduct, or breach of this Lease by Tenant or its employees, agents, representatives, contractors, or invitees, Tenant shall pay to Landlord as Additional Rent the reasonable cost of such maintenance and repairs plus a reasonable percentage not to exceed fifteen percent (15%) of the costs thereof to reimburse Landlord for all overhead, general conditions, fees, and other costs or expenses arising from Landlord's involvement with such repairs and replacements within five (5) days after being billed for the same. Tenant waives and releases its right to make repairs at Landlord's expense under any law, statute, or ordinance now or hereafter in effect. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of or failure to make any repairs, alterations, or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances, and equipment therein.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 Landlord's Consent to Alterations

Tenant may not make any improvements, alterations, additions, or changes (collectively, the "Alterations") to the Premises without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent may be withheld by Landlord in Landlord's sole and absolute discretion; provided, however, that Tenant may, at Tenant's sole cost and expense and upon fourteen (14) days prior notice to Landlord, make nonstructural Alterations to the Premises which: (i) do not affect the outside appearance of the Premises and do not create the potential for unusual expenses to be incurred upon the removal of the Alterations and the restoration of the Premises upon the termination of this Lease; (ii) do not affect any part of the Project outside of the Premises; (iii) do not adversely affect the proper functioning of any of the mechanical, electrical, sanitary, or other service systems or installations of the Project; (iv) shall be performed at such times and in such manner as Landlord from time to time may reasonably designate; (v) will not result in a breach of this Lease (including Tenant's operation covenant contained in Section 5.2.4 above), or a violation of or require a change in the certificate of occupancy applicable to the Premises; and (vi) costs shall not exceed Ten Thousand Dollars (\$10,000.00) per year. Notwithstanding any provision to the contrary, any Alterations shall not violate the Restriction Documents.

UPON EXECUTION OF THIS LEASE, TENANT ACKNOWLEDGES THAT LANDLORD MAY EXECUTE A NOTICE OF NON-RESPONSIBILITY IN SUBSTANTIALLY THE SAME FORM ATTACHED HERETO AS EXHIBIT "G", AND INCORPORATED HEREIN BY REFERENCE, AND MAY RECORD THE SAME WITHIN THREE (3) DAYS OF EXECUTION OF THIS LEASE PURSUANT TO NEVADA REVISED STATUTES ("NRS") 108.234. TENANT FURTHER AGREES THAT, AT LEAST TEN (10) DAYS PRIOR TO ENTERING INTO CONTRACT WITH ANY PRIME CONTRACTOR INTENDING TO PERFORM ALTERATIONS, AND PRIOR TO THE COMMENCEMENT OF ANY WORK RELATING TO THE PREMISES, TENANT SHALL COMPLY WITH THE REQUIREMENTS OF NRS 108.2403 AND NRS 108.2407 REGARDING POSTED SECURITY AND SHALL NOTIFY LANDLORD IN WRITING OF THE NAME AND ADDRESS OF ANY SUCH PRIME CONTRACTOR TO ENABLE LANDLORD TO PROPERLY SERVE THE RECORDED NOTICE OF NON-RESPONSIBILITY UPON THE PRIME CONTRACTOR PURSUANT TO NRS 108.234. TENANT FURTHER AGREES TO, AND SHALL CAUSE ITS PRIME CONTRACTOR TO, WITHIN TEN (10) DAYS AFTER NOTIFICATION OF THE AWARD OF THE CONTRACT TO THE PRIME CONTRACTOR, FURNISH BONDS COVERING THE FAITHFUL PERFORMANCE OF THE CONSTRUCTION OF ANY ALTERATIONS OR INSTALLATION OF EQUIPMENT, WITH PAYMENT OF ALL OBLIGATIONS ARISING THEREUNDER TO TAKE EFFECT UPON COMPLETION OF SUCH ALTERATIONS OR OTHER INSTALLATIONS, IN ACCORDANCE WITH THE TERMS OF THE MASTER LEASE.

TENANT HEREBY ACKNOWLEDGES THAT TENANT IS REQUIRED TO COMPLY WITH THE TERMS OF THIS SECTION 8.1 AND THE PROVISIONS OF NRS 108.2403 AND (TO THE EXTENT TENANT ESTABLISHES A CONSTRUCTION DISBURSEMENT ACCOUNT PURSUANT TO NRS 108.2403) 108.2407 PRIOR TO COMMENCEMENT OF ANY WORK OF IMPROVEMENT TO BE CONSTRUCTED, ALTERED OR REPAIRED ON THE

PREMISES (SUCH OBLIGATIONS ARE COLLECTIVELY REFERRED TO AS THE "TENANT'S ALTERATION OBLIGATIONS").

TENANT'S INITIALS

The construction by Tenant of Tenant's Work (as defined in **Exhibit "E"** attached hereto) to the Premises shall be governed by the terms of the Work Letter Agreement and not the terms of this Article 8; provided that Tenant shall comply with Tenant's Alteration Obligations in Tenant's construction of Tenant's Work. Prior to the commencement of any Improvement or Alterations to or of the Premises on behalf of Tenant, Tenant shall deliver to Landlord a signed and acknowledged waiver (or release) of liens from each contractor, subcontractor, or materialman in a form approved by Landlord, and to the extent permitted by law, Tenant shall at Tenant's expense cause the duly executed and notarized waiver (or release) to be recorded in the Office of the Clark County Recorder.

8.2 Manner of Construction

Landlord may impose, in connection with such Alterations or repairs of the Premises or about the Premises, such reasonable requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, materials, mechanics, and materialmen approved by Landlord, which approval shall not be unreasonably withheld. In any event, a contractor acceptable to Landlord shall perform all mechanical, electrical, plumbing, structural, and heating, ventilation and air conditioning work, and such work shall be performed at Tenant's cost. Tenant shall construct such Alterations and perform such repairs in conformance with the Restriction Documents and any and all applicable federal, state, county, or municipal laws, rules, and regulations and pursuant to a valid building permit, if required. All work with respect to any Alterations must be done in a good and workmanlike manner and in the most expeditious and diligent manner reasonably possible to completion to the end that the Premises shall at all times be a complete unit except during the period of work and so that to the extent reasonably practical any disruption or inconvenience to the Project and tenants of the Project is minimized. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project and their invitees, so as not to obstruct the business of Landlord or other tenants in the Project or interfere with the labor force working in the Project, with adequate provisions for the safety and convenience of tenants of the Project and to control dust, noise, and other effects of such work using methods commonly utilized to control such effects associated with construction centers. Tenant shall repair at its own cost and expense all damage caused by such work and shall restore any effected portion of the Project to the condition which existed prior to the beginning of such work. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the applicable recorder's office, to the extent required by Nevada law, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as full and final waivers of all liens for labor, services, or materials.

8.3 Payment for Improvements

In the event Tenant requests any Alterations or repair work directly from Landlord, and Landlord agrees to perform such work, to the extent not covered by the Allowance as described in the Work Letter Agreement, the charges for such work shall be deemed Additional Rent under this Lease, payable, at Landlord's election, within (i) ten (10) days of Landlord's billing therefor, or (ii) pursuant to a progress payment construction schedule reasonably approved by Landlord. Upon completion of such work, Landlord

shall obtain full and final waivers of all liens for labor, services or materials. If Tenant requests any such work directly from Landlord, Tenant shall pay to Landlord a reasonable percentage, not to exceed fifteen percent (15%) of the cost of such work sufficient to compensate Landlord for all overhead, general conditions, fees, and other costs and expenses arising from Landlord's involvement with such work.

8.4 Construction Insurance

In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's contractor carries "Builder's All Risk" insurance in an amount approved by Landlord, which approval shall not be unreasonably withheld covering the construction of such Alterations, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof.

8.5 Landlord's Property

All Alterations, Improvements, fixtures, and/or equipment that may be installed or placed in or about the Premises, and all signs installed in, on, or about the Premises as approved by Landlord, from time to time, shall be at the sole cost of Tenant and, except for Tenant's signs, trade fixtures, equipment, and other personal property, shall be and become the property of Landlord, except that Tenant may remove any signs, trade fixtures, and/or equipment that Tenant can reasonably substantiate to Landlord have not been paid for by Landlord, provided Tenant repairs any damage to the Premises caused by such removal. If Tenant fails to repair any damage caused by the removal of any such trade fixtures and/or equipment, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby indemnifies and holds Landlord harmless from any liability, cost, obligation, expense, or claim of lien in any manner relating to the installation, placement, removal, or financing by Tenant of any such Alterations, Improvements, fixtures, and/or equipment in, on, or about the Premises, except to the extent arising from Landlord's gross negligence, willful misconduct or breach of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall not cause or permit any lien or encumbrance of any kind whatsoever, if created or caused by the act of Tenant, to attach to or be placed upon the Project or Premises. Landlord shall have the right at all times to post and keep posted on the Premises any notice that it deems necessary for protection from such liens. Tenant covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Project or the Premises, or any portion thereof, with respect to work or services claimed to have been performed for or materials claimed to have been furnished to Tenant or the Premises, and, in case of any such lien attaching or notice of any lien, Tenant covenants and agrees to cause such lien to be released and removed of record within thirty (30) days after the recording of such lien against the Project or Premises or post an appropriate bond, pre-approved by Landlord in writing, within such thirty (30) day period. Notwithstanding anything to the contrary set forth in this Lease, in the event that such lien is not released and removed (or Tenant has not posted an appropriate bond necessary to release such liens) on or before the date occurring thirty (30) days after notice of such lien is delivered by Landlord to Tenant, Landlord, at its sole option, may immediately take all action reasonably necessary to release and remove such lien, without any duty to investigate the validity thereof, and all reasonable sums, costs, and expenses, including reasonable attorneys' fees and costs, incurred by Landlord in connection with such lien shall be

deemed Additional Rent under this Lease and shall be due and payable by Tenant within ten (10) days following the delivery of written notice to Tenant thereof.

ARTICLE 10

INSURANCE

10.1 Indemnification and Waiver

To the extent not prohibited by law and except for claims relating to Hazardous Materials existing upon, under or about the Premises prior to the execution of this Lease or the migration thereon from offsite sources not caused by Tenant after the execution of this Lease, Landlord, its respective officers, agents, servants, and employees shall not be liable for, and are hereby released from, any responsibility for any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant due to the Premises or any part thereof or any appurtenances thereof needing repair (including any improvements, materials, or equipment relating to telephone or telecommunication systems), or due to the occurrence of any accident or event in or about the Project, or due to any act or neglect of any tenant or occupant of the Project, including the Premises, or of any other person. The provisions of this Section 10.1 shall apply particularly, but not exclusively, to damage caused by gas, electricity, steam, sewage, sewer gas or odors, fire, water, or by the bursting or leaking of pipes, faucets, sprinklers, plumbing fixtures, and windows, and shall apply without distinction as to the person whose act or neglect was responsible for the damage and whether the damage was due to any of the causes specifically enumerated above or to some other cause of an entirely different nature. Tenant further agrees that all personal property upon the Premises or Project shall be at the risk of Tenant only, and that Landlord shall not be liable for any loss or damage thereto or theft thereof. Tenant shall indemnify, defend, protect, and hold harmless Landlord its respective officers, agents, servants, and employees from any and all loss, cost, damage, expense, liability (including without limitation court costs and reasonable attorneys' fees), penalties, and charges (collectively, the "**Claims**") incurred in connection with or arising from any cause in, on, or about the Premises, including, without limiting the generality of the foregoing: (i) any failure by Tenant in the observance or performance of any of the terms, covenants, or conditions of this Lease on Tenant's part to be observed or performed; (ii) the use or occupancy of the Premises by Tenant or any person claiming by, through, or under Tenant; (iii) the condition of the Premises or any occurrence or happening on the Premises from any cause whatsoever, excluding claims arising out of Hazardous Materials existing upon, under or about the Premises prior to the execution of this Lease or the migration thereon from offsite sources not caused by Tenant after the execution of this Lease; or (iv) any acts, omissions, or negligence of Tenant or of any person claiming by, through, or under Tenant, or of the contractors, agents, servants, employees, invitees or licensees of Tenant or any such person, in, on, or about the Premises or anywhere else within the Project to the extent relating to their activities on the Premises, including, without limitation, any acts, omissions, or negligence in the making or performance of any Alterations (whether prior to or during the Lease Term), provided Tenant shall not indemnify Landlord or its respective officers, agents, servants, and employees, from any Claim arising out of or related to their gross negligence or will misconduct. Landlord shall defend, indemnify, and hold harmless Tenant from and against any and claims arising out of Hazardous Materials existing upon the Premises prior to the execution of this Lease or the migration thereon from offsite sources caused by Landlord after the execution of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease. The respective obligations of the parties under this Section 10.1 are subject to the following conditions: (i) the party seeking indemnity ("**Indemnitee**") shall promptly notify the other party ("**Indemnitor**") of any Claims; (ii) the Indemnitee shall not take any actions, including an admission of liability, that would bar the Indemnitor from enforcing any applicable coverage of insurance held by the Indemnitor or prejudice any defense of the Indemnitor in any legal proceedings pertaining to such Claim or otherwise prevent the

Indemnitor from defending itself or the indemnitee with respect to such Claim; (iii) the Indemnitee shall not enter into any settlement agreement or arrangement without the prior consent of the Indemnitor, which consent may be granted or withheld in the Indemnitor's sole discretion; (iv) the indemnification obligations of the Indemnitor shall not apply to the extent that the Indemnitee actually receives insurance proceeds with respect to such Claim, and (v) for any liability that Landlord may have under this Lease to Tenant, Landlord shall not be liable to Tenant for any damages whatsoever to the extent said damages are insured under the insurance policies required to be maintained by Tenant under Section 10.3.

10.2 Landlord's Insurance

Tenant shall neither use the Premises nor permit the Premises to be used or acts to be done therein that will (i) increase the premium of any insurance carried by Landlord with respect to the Project or any part thereof; (ii) cause a cancellation of or be in conflict with any such insurance policies; (iii) result in a refusal by insurance companies of good standing to insure the Project or any part thereof in amounts reasonably satisfactory to Landlord; or (iv) subject Landlord to any liability or responsibility for injury to any person or property by reason of any operation being conducted in the Premises other than acts or uses that are consistent with the Permitted Use. Tenant shall, at Tenant's expense, comply as to the Premises with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies, then Tenant shall reimburse Landlord for any such increase and Landlord shall have the option to terminate the Lease at any time thereafter. Tenant, at Tenant's expense, shall comply with all applicable rules, orders, regulations, or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 Tenant's Insurance

Tenant further covenants and agrees that it will carry and maintain during the entire Lease Term hereof, at Tenant's sole cost and expense, the following types of insurance in the amounts and forms hereinafter specified:

A. **Public Liability and Property Damage.** Tenant shall at all times during the Lease Term maintain in effect a policy or policies of bodily injury liability and property damage liability insurance with limits of not less than Two Million and 00/100 Dollars (\$2,000,000.00) combined single limit per occurrence and in the aggregate, insuring against any and all liability of the insured with respect to the Premises or arising out of the maintenance, condition, use, or occupancy thereof, and property damage liability. All such bodily injury liability insurance and property damage liability insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property contained in Section 10.1 hereof. Such policies shall include, without limitation, coverage for fire, explosion, and water damage legal liability coverage.

B. **Plate Glass.** Tenant shall be responsible for the maintenance of the plate glass on the Premises, if any, and to insure the risk pursuant to Section 10.2(C) hereof. Tenant's responsibility for maintenance of the plate glass includes its replacement in the event repair of the glass would not restore the glass to its original condition and specifications at the time of installation. In the event Tenant replaces the plate glass, Tenant shall replace it with plate glass that conforms with the original plate glass specifications.

C. **Tenant Improvements.** Tenant shall at all times during the Lease Term maintain in effect insurance covering all of Tenant's Work, Tenant's leasehold improvements, alterations or additions, Tenant's trade fixtures, merchandise and all personal property from time to time in, on or upon the Premises,

in an amount not less than one hundred percent (100%) of their full replacement cost, without depreciation, providing protection against any peril included within the classification "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism and malicious mischief. The proceeds from such insurance shall be used solely for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of Article XI hereof, whereupon any proceeds of insurance covering Tenant's leasehold improvements and any Alterations or additions to the Premises shall be payable to Landlord. The Tenant shall be responsible for any insurance deductible, self-insured retentions and/or uninsured or underinsured areas covered in this Article 10.

D . **Workers' Compensation.** Tenant shall at all times during the Lease Term carry Workers' Compensation insurance for all of Tenant's employees.

E . **Business Interruption.** Tenant shall at all times during the Lease Term maintain in effect business interruption or loss of income insurance in amounts sufficient to cover annual Base Rent and all other charges due under the Lease for twelve (12) months and compensate Tenant for at least one (1) year of loss of all profits.

10.4 Policy Requirements

The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. All policies of insurance provided for herein shall be issued by insurance companies with a general policy holder's rating of not less than A and a financial rating of not less than Class X as rated in the most current available Best's Insurance Reports and qualified to do business in the State of Nevada. All such policies shall name Landlord, Landlord's first mortgagee or beneficiary, and County as additional insureds and loss payees, which policies shall be for the mutual and joint benefit and protection of Landlord, Tenant, Landlord's first mortgagee or beneficiary, and County. Executed copies of such policies of insurance or original certificates thereof shall be delivered to Landlord within ten (10) days after delivery of possession of the Premises to Tenant and thereafter at least thirty (30) days prior to the expiration of the term of each such policy. All public liability and property damage policies shall contain a provision that Landlord, although named as an additional insured, shall nevertheless be entitled to recovery under such policies for any loss occasioned to it, its servants, agents, or employees by reason of any act or omission of Tenant or its servants, agents, employees or contractors. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Tenant pursuant to the terms of this Article 10. All policies of insurance delivered to Landlord must contain a provision that the company writing such policy will give to Landlord and all other additional insureds at least thirty (30) days' notice in writing in advance of any cancellation or lapse or the effective date of any reduction in the amount of or other material change of insurance. All public liability, property damage and other casualty policies maintained by Tenant shall be written as primary policies, and any insurance maintained by Landlord shall be excess insurance only.

10.5 Increase in Coverage

In the event Landlord or Landlord's first mortgagee or beneficiary deems it necessary to increase the amounts or limits of insurance required to be carried by Tenant hereunder, Landlord may reasonably increase such amounts or limits of insurance, and Tenant shall increase the amounts or limits of the insurance required to be carried by Tenant hereunder and shall provide Landlord with policies or original certificates indicating the increased amounts or limits as provided in Section 8.3 hereof.

10.6 Blanket Coverage

Tenant's obligations to carry insurance provided for in this Article may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant, provided that Landlord, or Landlord's first mortgagee or beneficiary and Landlord's lessor, shall be named as an additional insured thereunder as their respective interests may appear; and that the coverage afforded Landlord will not be reduced or diminished by reason of the use of such blanket policy of insurance, and provided further that the requirements set forth herein are otherwise satisfied. Tenant agrees to permit Landlord at all reasonable times to inspect the policies of insurance of Tenant covering risks upon the Premises for which policies or copies of certificates thereof are not required to be delivered to Landlord.

10.7 Subrogation

Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance upon the Premises waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be. Tenant hereby waives any right that it may have against Landlord on account of any loss or damage to Tenant's property to the extent such loss or damage is required to be insured against hereunder or is otherwise insured under policies of insurance for fire and all risk coverage, theft, or other similar insurance.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 Insured Casualty.

In the event that the Premises are partially or totally destroyed by fire or any other peril covered by insurance maintained by Landlord, Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty; and Landlord shall, within a period of one hundred eighty (180) days after the occurrence of such destruction, but only to the extent that proceeds of such insurance are received by Landlord for such purpose, commence reconstruction and restoration of the Premises and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect. In the event insurance proceeds are not sufficient to pay the cost of such reconstruction, or if the damage or destruction is caused by the acts or omissions of Tenant, its agents, employees or contractors, or if Landlord is restricted by any governmental authority, Landlord may elect to either terminate this Lease or pay the cost of such reconstruction. Such reconstruction shall be only to the extent necessary to restore the Landlord's Work in the Premises. As Tenant is required to maintain the insurance set forth under Section 10.3(C) and receive the insurance proceeds thereof in the event the Premises are partially or totally destroyed by fire or any other peril, Tenant shall be obligated for the restoration of all of the items specified as Tenant's Work in the event of such reconstruction, as well as Tenant's other leasehold improvements, trade fixtures and other personal property on the Premises, and Tenant shall, prior to the commencement of construction, submit to Landlord, for Landlord's review and approval, which approval shall not be unreasonably withheld or delayed, all plans, specifications, and working drawings relating thereto, and Landlord shall approve the contractors, which approval shall not be unreasonably withheld or delayed, to perform such work. Tenant shall diligently prosecute said work to completion without delay or interruption, except for events beyond the reasonable control of Tenant, and so as to not obstruct the business of Landlord or other tenants in the Project or interfere with the labor force working in the Project, with adequate provisions for the safety and convenience of tenants of the Project and to control dust, noise, and other effects of such work using methods commonly utilized to control such effects associated with construction centers.

11.2 Uninsured Casualty.

In the event that the Premises are partially or totally destroyed as a result of any casualty or peril not covered by Landlord's insurance, Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty; and Landlord may, within a period of one hundred eighty (180) days after the occurrence of such destruction (a) commence reconstruction and restoration of the Premises and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect; or (b) notify Tenant in writing that it elects not to so reconstruct or restore the Premises, in which event this Lease shall cease and terminate as of the date of service of such notice, unless Tenant is unable to continue the operation of its business after the occurrence of such destruction, in which event this Lease shall cease and terminate as of the date of such destruction. In the event of any reconstruction of the Premises by Landlord following destruction as a result of any casualty or peril not covered by Landlord's insurance, such reconstruction shall be only to the extent necessary to restore the Landlord's Work in the Premises. Tenant shall be obligated for the restoration of all of the items specified as Tenant's Work in the event of such reconstruction, as well as Tenant's other leasehold improvements, trade fixtures and other personal property on the Premises, and Tenant shall, prior to the commencement of construction, submit to Landlord, for Landlord's review and approval, which approval shall not be unreasonably withheld or delayed, all plans, specifications, and working drawings relating thereto, and Landlord shall approve the contractors, which approval shall not be unreasonably withheld or delayed, to perform such work. Tenant shall diligently prosecute said work to completion without delay or interruption, except for events beyond the reasonable control of Tenant, and so as not to obstruct the business of Landlord or other tenants in the Project or interfere with the labor force working in the Project, with adequate provisions for the safety and convenience of tenants of the Project and to control dust, noise, and other effects of such work using methods commonly utilized to control such effects associated with construction centers.

11.3 Damage to the Project.

Notwithstanding anything to the contrary herein contained, in the event of a total destruction of the Project or a partial destruction of the Project, the cost of restoration of which would exceed one-third (1/3) of the then replacement value of the Project, by any cause whatsoever, whether or not insured against and whether or not the Premises are partially or totally destroyed, Landlord may, within a period of one hundred eighty (180) days after the occurrence of such destruction, notify Tenant in writing that it elects not to so reconstruct or restore the Project, in which event this Lease shall cease and terminate as of the date of such destruction.

11.4 Damage Near End of Term.

Notwithstanding the foregoing, in the event that the Premises are partially or totally destroyed during the last two (2) years of the Lease Term, or the last two (2) years of any Extended Term, Landlord and Tenant each shall have the option to terminate this Lease by giving written notice to the other of the exercise of such option within thirty (30) days after such destruction, in which event this Lease shall cease and terminate as of the date of service of such notice. For the purposes of this Article, partial destruction shall be deemed to be a destruction to an extent of at least one-third (1/3) of the full replacement cost of the Premises as of the date of destruction.

11.5 Release of Liability.

In the event of any termination of this Lease in accordance with this Article, the parties shall be released thereby without further obligation to the other party coincidental with the surrender of possession of the Premises to Landlord except for items which have theretofore accrued and are then unpaid or unperformed.

11.6 Abatement of Rent.

In the event of reconstruction and restoration as herein provided, and provided Tenant has maintained the business interruption or loss of income insurance required pursuant to Section 10.3, to the extent that the proceeds of such business interruption or loss of income insurance are paid to Landlord during the period of reconstruction and restoration, Base Rent payable hereunder shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired during the remainder of the period of reconstruction and restoration, provided the amount of Base Rent abated pursuant to this Section 11.6 shall in no event exceed the amount of loss of rental insurance proceeds actually received by Landlord. Tenant shall continue the operation of its business on the Premises during any such period to the extent reasonably practicable from the standpoint of prudent business management, and the obligation of Tenant to pay all rent and other charges, except the entire Base Rent, shall remain in full force and effect. Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property or any inconvenience or annoyance occasioned by such destruction, reconstruction or restoration. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial or total destruction of the Premises which Landlord is obligated to restore or may restore under any of the provisions of this Lease.

11.7 Waiver of Statutory Provisions

The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises or the Project, and any statute or regulation with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises or the Project.

11.8 Lender's Prior Rights to Insurance Proceeds

Tenant acknowledges that the rights of any lender holding a mortgage or deed of trust against the fee interest in the Premises or Landlord's interest in the Premises ("**Secured Lender**") to any insurance proceeds applicable to the Improvements shall be superior to the rights of Landlord and Tenant to such proceeds; provided, however, Landlord agrees to cause the Secured Lender to make such insurance proceeds available to Tenant for reconstruction as contemplated in this Lease if Tenant acknowledges and agrees in writing ("**Tenant's Notice**") to Landlord and the Secured Lender that Tenant waives any right it may have to terminate the Lease due to such fire or casualty and Tenant agrees the insurance proceeds will be used to reconstruct the Improvements. The disbursement of any insurance proceeds applicable to the Improvements shall be subject to the reasonable controls of the Secured Lender or Landlord, as applicable. If Tenant fails to acknowledge and agree that Tenant will not terminate the Lease due to the fire or casualty and the insurance proceeds will be used to reconstruct the Improvements at the election of Landlord, any insurance proceeds from the fire and extended coverage insurance policies maintained by Tenant (excluding proceeds for Tenant's merchandise, inventory, trade fixtures, signs and personal property) shall be assigned by Tenant to Landlord (or any party designated by Landlord) who shall use same to the extent received to reconstruct the Improvements.

ARTICLE 12**NONWAIVER**

No waiver of any provision of this Lease shall be implied by any failure of Landlord to enforce any remedy on account of the violation of such provision, even if such violation shall continue or be repeated subsequently. Any waiver by Landlord of any provision of this Lease may only be in writing. Additionally, no express waiver shall affect any provision other than the one specified in such waiver and then only for the time and in the manner specifically stated. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue, or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit, or judgment.

ARTICLE 13**CONDEMNATION****13.1 Permanent Taking**

If the whole or substantially all of the Premises shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, if Landlord shall grant a deed or other instrument under a real threat of condemnation in lieu of such taking by eminent domain or condemnation, or if any portion of the Project shall be so taken so as to render the Project not reasonably suitable for continuation of business in Landlord's or Secured Lender's sole and absolute discretion, then Landlord shall have the option to terminate this Lease effective as of the date of such event. In the event that a portion of the floor area of the Premises shall be taken under the power of eminent domain and the portion not so taken will not be reasonably adequate for the operation of Tenant's business to be determined by Landlord in its reasonable business discretion, notwithstanding Landlord's performance of restoration as hereinafter provided, this Lease shall terminate as of the date possession of such portion is taken. Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's Improvements but only to the extent paid for by Tenant, personal property, loss of good will, trade fixtures, signs, and inventory belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses so long as such claim is payable separately to Tenant (all of the foregoing claims of Tenant are collectively referred to as "**Tenant's Potential Claims**"). Base Rent shall be apportioned as of the date of such taking. If any part of the Premises shall be taken, and this Lease shall not be so terminated, (1) the Base Rent shall be equitably reduced by an amount equal to the product of the (a) monthly Base Rent for that Lease Year and each Lease Year thereafter multiplied by (b) a fraction where the numerator is the square feet of floor area of the Premises that was taken as a result of the taking and the denominator is the square feet of floor area of the Premises prior to the taking; and (2) Tenant shall, to the extent of the condemnation award received by Landlord, restore such part of Tenant's Work as is not taken to as near its former condition as the circumstances will permit.

13.2 Temporary Taking

Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred twenty (120) days or less, then this Lease shall not terminate but Base Rent and Additional Rent shall be abated for the period of such taking as provided in Section 13.1. If the temporary taking exceeds one hundred twenty (120) days, the taking shall be deemed a permanent taking and the rights of Landlord and Tenant shall be governed by Section 13.1 of the Lease. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 Transfers

Tenant acknowledges that the economic concessions and rental rates set forth in this Lease were negotiated by Landlord and Tenant in consideration of, and would not have been granted by Landlord but for, the specific nature of the leasehold interest granted to Tenant hereunder, as such interest is limited and defined by various provisions throughout this Lease, including, but not limited to, the provisions of this Article 14 that define and limit the transferability of such leasehold interest. Tenant shall not, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or permit the use of the Premises by any persons other than Tenant and its employees and customers (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). Should Tenant desire to effectuate a Transfer, Tenant shall first seek Landlord's consent to a Transfer by notifying Landlord in writing (the "**Transfer Notice**") and submitting a non-refundable review and processing fee of One Thousand Five Hundred Dollars (\$1,500.00) (the "**Review and Processing Fee**"), which Transfer Notice shall include (i) the proposed effective date of the Transfer, which shall not be less than sixty (60) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the material terms of the proposed Transfer and the consideration therefor, the name, trade name, and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, and (iv) current financial statements of the proposed Transferee certified by an officer, partner, or owner thereof, and any other information reasonably required by Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space, and such other information as Landlord may reasonably require. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void, and of no effect, and shall, at Landlord's option, constitute an Event of Default by Tenant under this Lease.

14.2 Landlord's Consent

Landlord shall have twenty five (25) days to consent or refuse consent in writing following Landlord's receipt of the Transfer Notice. Should Landlord not notify Tenant in writing by the end of said twenty five (25) day period, Landlord shall be deemed to have refused consent to the proposed Transfer. If Landlord consents to any Transfer pursuant to the terms of this Section 14.2, Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such

Transfer of the Premises or portion thereof, provided, that if any material changes in the terms and conditions from those specified in the Transfer Notice are requested, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 along with an additional fee of fifty percent (50%) of the Review and Processing Fee.

14.3 Effect of Transfer

If Landlord consents to a Transfer, (i) the terms and conditions of this Lease other than Sections 3 and 11 of the Summary shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, and (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord. Other than as to an assignment of the Lease consented to by Landlord pursuant to the terms herein, Tenant acknowledges and agrees that no other Transfer relating to this Lease or agreement entered into with respect thereto shall relieve Tenant or any guarantor of the Lease from liability under this Lease. In the event Tenant shall make a Transfer hereunder, then the Base Rent shall be increased effective as of the date of such Transfer to the highest of (a) the total rental payable by the Transferee pursuant to such Transfer; or (b) the Base Rent specified in Section 8 of the Summary. In no event shall the Base Rent, after the Transfer, be less than the Base Rent specified in Section 8 of the Summary. Notwithstanding anything contained herein to the contrary, an assignment of the Lease consented to by Landlord pursuant to the terms herein shall not relieve Tenant or any guarantor of the Lease from liability under the Lease for any Claims (as described in Section 10.1) herein incurred in connection with or arising from any cause, in, on, or about the Premises occurring on or prior to the date of the consented to assignment by Landlord and no matter when discovered by Landlord, except as may be limited by an applicable statute of limitations.

14.4 Additional Transfers

If Tenant is a partnership or limited liability company, any cumulative transfer of more than twenty percent (20%) of the partnership interests or membership interests shall require Landlord's consent as set forth in this Article 14. If Tenant is a corporation, any change in a controlling interest of the voting stock of the corporation shall require Landlord's consent as set forth in this Article 14.

14.5 Landlord's Right of First Refusal

If Tenant requests consent to a Transfer in accordance with this Article 14, Landlord shall have the right to purchase the leasehold interest of Tenant in this Lease and the Premises (the "**Tenant's Interest**"), to the exclusion of the prospective transferee, at the purchase price and terms offered by the prospective transferee. Such right shall be exercisable by Landlord by giving Tenant written notice of its election to purchase within the thirty (30) day period following Landlord's receipt of the Transfer Notice. Upon such election, the proposed Transferee shall have no right to purchase Tenant's interest, Landlord and Tenant shall execute an agreement setting forth the terms and conditions of the purchase, and the proposed Transfer shall be deemed to have been disapproved. No failure of Landlord to elect to exercise its rights hereunder shall be construed as consent to the proposed Transfer or a waiver of such rights with respect to any future proposed transfer.

14.6 No Release of Tenant

Other than as it solely relates to an assignment of the Lease consented to by Landlord pursuant to the terms herein, no sublease or other Transfer of some or all of the Premises or Tenant's rights under this

Lease, whether consented to or not by Landlord, shall release Tenant or change Tenant's primary liability to pay the Rent and to perform all other obligations of Tenant under this Lease. Upon the occurrence of any default under this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting any remedies against any subtenant. Upon termination of this Lease, any permitted subtenant shall, at Landlord's option, attorn to Landlord and shall pay all Rent directly to Landlord.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 Surrender of Premises

No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises.

15.2 Removal of Tenant Property by Tenant

Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, (i) quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Tenant, reasonable wear and tear excepted, and (ii) in the event that Tenant has signage rights on the Building under this Lease, remove any such signage and deliver such portion of the Building to Landlord in its/their original location. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, furnishings, signs, trade fixtures, and other personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may require to be removed, and Tenant shall repair at its own expense all damage to the Premises resulting from such removal.

15.3 Removal of Tenant's Property by Landlord

Whenever Landlord shall re-enter the Premises as provided in this Lease, any personal property of Tenant not removed by Tenant upon the expiration of the Lease Term, or within ten (10) days after a termination by reason of Tenant's Event of Default as provided in this Lease, shall be deemed abandoned by Tenant and may be disposed of by Landlord in accordance with Nevada law, or in accordance with any laws or judicial decisions which may supplement or supplant those provisions from time to time.

15.4 Landlord's Actions on Premises

Except to the extent arising from Landlord's gross negligence, willful misconduct or breach of this Lease, Tenant hereby waives and releases Landlord from all claims for damages or other liability in connection with Landlord's or its agents' or representatives' reentering and taking possession of the Premises

or removing, retaining, storing, or selling the property of Tenant as herein provided, and Tenant hereby indemnifies and holds Landlord harmless from any such damages or other liability, and no such re-entry shall be considered or construed to be a forcible entry.

ARTICLE 16

HOLDING OVER

Tenant shall vacate the Premises upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify and hold Landlord harmless against all damages, claims, losses, penalties, charges, and expenses (including reasonable attorney's fees) incurred by Landlord resulting from any delay by Tenant in vacating the Premises. If Tenant does not vacate the Premises upon the expiration or earlier termination of this Lease, Tenant's occupancy of the Premises shall be a tenancy at sufferance, shall not constitute a renewal of the lease or an extension for any further term, subject to all of the terms of this Lease applicable to a tenancy at sufferance, except that the Base Rent then in effect shall be equal to one hundred fifty percent (150%) of the Base Rent in effect immediately prior to the expiration or earlier termination of this Lease. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over of the Premises by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord upon the expiration or earlier termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) days following a request in writing by Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit "D"** attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. Failure of Tenant to timely execute and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of either or both the fee interest and Landlord's leasehold interest in the Premises or the Project. The Lease shall also be subject and subordinate to the lien of any mortgage or trust deed concerning either or both the fee interest and Landlord's leasehold interest in the Premises or the Project, now or hereafter in force, if any, and to all renewals, extensions, modifications, consolidations, and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds (collectively, the "**Mortgage**"), unless the holders thereof require in writing that this Lease be superior thereto. Provided, this Lease shall not be subordinate to any future Mortgage until Tenant receives a Subordination and Non-Disturbance Agreement in the form acceptable to Landlord in its sole discretion so long as it does not change

the intention of the parties and is approved by each party in its reasonable discretion. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof, to attorn, without any deductions or set-offs whatsoever, to the purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof if so requested to do so by such purchaser, and to recognize such purchaser as the lessor under this Lease; provided that such purchaser shall recognize this Lease and that Tenant's right to possession of the Premises under this Lease shall not be disturbed so long as Tenant faithfully performs all of the duties and obligations of Tenant hereunder. Tenant shall, within ten (10) days of request by Landlord, execute and deliver to Landlord such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm Tenant's agreement to attorn or the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases, or underlying leases; provided that Tenant receives non-disturbance agreements from each of said mortgagees or lessors. If Tenant does not respond within the ten (10) day period, Tenant hereby irrevocably authorizes Landlord to execute and deliver in the name of Tenant any such instrument or instruments, provided that such authorization shall in no way relieve Tenant from the obligation of executing such instruments of subordination or superiority. Tenant waives the provisions of any current or future statute, rule, or law that may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease with respect to any foreclosure proceeding or sale, provided, Tenant and the purchaser enter into a subordination, non-disturbance, and attornment agreement. Landlord shall not be obligated, under any circumstances, to subordinate its interest in this Lease, the Premises, or the Project to any leasehold mortgage or trust deed.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 Events of Default by Tenant

The occurrence of any of the following shall constitute an event of default ("**Event of Default**") of this Lease by Tenant:

19.1.1 The abandonment by Tenant of the Premises for a period of thirty (30) or more days; or

19.1.2 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due and such failure continues for five (5) days following the delivery to Tenant of written notice thereof; or

19.1.3 The hypothecation or assignment of this Lease or subletting of the Premises, or attempts at such actions, in violation of Article 14 hereof; or the recording of a document in violation of Section 29.6, without the necessity of a notice from Landlord; or

19.1.4 Any failure by Tenant to observe or perform any other provision, covenant, or condition of this Lease to be observed or performed by Tenant where such failure continues for ten (10) business days after written notice thereof from Landlord to Tenant; provided that (i) if the nature of such default is such that the same cannot reasonably be cured within a ten (10) business day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure said default and does cure said default no later than thirty (30) days after said written notice, and (ii) the cure period specified in this Section 19.1.4 shall not be applicable to Tenant's obligations under Sections 10.3 and 10.4 and Articles 17 and 18 of this Lease (i.e., Tenant's failure to comply

with any provision, covenant, or condition described in such Sections and/or Articles within the time periods specified therein shall constitute a default under this Section 19.1.4); or

19.1.5 To the extent permitted by law, a general assignment by Tenant or any guarantor of the Lease for the benefit of creditors, or the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within sixty (60) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within sixty (60) days. The notices provided for in this Section 19.1 shall be in lieu of, and not in addition to, any notice required under Nevada law.

19.1.6 Maintaining, committing, or permitting on the Premises waste or a nuisance; use of the Premises for an unlawful purpose or in violation of the Permitted Use; abandonment or vacation of the Premises; attempting to effectuate a Transfer contrary to the provisions of Article 14; or Tenant's breach of a material or monetary provision of this Lease on any occasion during a twelve (12) month period in which Tenant has received three (3) or more notices of a breach of this Lease.

Any notice required by this Lease to be sent by Landlord to Tenant and any applicable period of time following delivery of said notice shall run concurrently with any statutory notice requirements. The time periods provided in this Section and throughout this Lease for Tenant to cure or to surrender the Premises shall be in lieu of, and not in addition to, any similar time periods prescribed by applicable state law as a condition precedent to the commencement of legal action against Tenant for possession of the Premises or other relief; provided, however, to the extent the foregoing is not permitted by applicable law, any notice under this Section shall run concurrently with, and not in addition to, any similar time periods prescribed by applicable law. Any notice given is in lieu of any written notice required by statute or law and Tenant waives (to the fullest extent permitted by law) the giving of any notice other than that provided for in this Lease.

19.2 Landlord's Remedies Upon Default by Tenant

Upon the occurrence of any Event of Default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy that it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

- (i) The worth at the time of award of any unpaid rent that has accrued at the time of such termination; plus
- (ii) The worth at the time of award of the amount by which the unpaid rent that would have accrued after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount reasonably necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease, specifically including but not limited to, brokerage commissions and advertising expenses incurred, and expenses of cleaning and remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use; provided, however, that the cost for remodeling shall be limited to the then-unamortized portion of the Allowance; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others, including but not limited to Rent and Additional Rent. As used in Paragraphs 19.2.1(i) and (ii), above, the "**worth at the time of award**" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Maintain Tenant's right to possession without terminating this Lease, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned, surrendered, or vacated the Premises. In such event, Landlord shall be entitled to reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and to enforce all of Landlord's rights and remedies under this Lease, including the right to recover rent as it becomes due hereunder. Landlord's election to maintain Tenant's right to possession shall not prejudice Landlord's rights, at any time thereafter, to terminate Tenant's right to possession and proceed in accordance with Section 19.2.1 above. From and after the date Tenant shall have abandoned, surrendered, or vacated the Premises, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the merchandise or personal property located therein and to place the same in storage at a public warehouse at the expense and risk of Tenant. In the event of the termination of this Lease, Landlord shall have the right, but not the obligation, to take possession of all or any part of the merchandise or personal property located in the Premises at and after termination for the purpose of mitigating Landlord's damages and should Landlord exercise such right, it shall be deemed to have a lien on said personal property entitling Landlord to take possession of said property as provided for herein while Landlord establishes title thereto.

19.2.3 Pursue any other rights and/or remedies permitted by this Lease and/or applicable state law.

Should Landlord have reentered the Premises under the provisions of Section 19.2.2, Landlord shall not be deemed to have terminated this Lease or have accepted a surrender thereof by any such reentry, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease and Tenant's right to possession. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer or eviction statutes of the State Nevada and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of, or at any time subsequent

to, the serving of such notice and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease. In the event of any reentry or taking possession of the Premises as aforesaid, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the merchandise, Improvements, or personal property located therein and to place the same in storage at a public warehouse at the expense and risk of Tenant.

19.2.4 In the event of any Event of Default under Section 19.1.2, above, Landlord may change the locks to the Premises in accordance with applicable law, and Tenant shall not be permitted entry or provided with a new key until payment in full of said delinquent Rent.

19.3 Sublessees of Tenant

Whether or not Landlord elects to terminate this Lease on account of any Event of Default by Tenant as set forth in this Article 19, Landlord shall have the right after the occurrence of an Event of Default to terminate any and all subleases, licenses, concessions, or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions, or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions, or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder; however, such amount received shall be credited against Rent due under this Lease, to the different components of Rent as determined in Landlord's sole discretion.

19.4 Form of Payment After Default

Following the occurrence of an Event of Default by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.5 Waiver of Default

No waiver by Landlord of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other or later violation or breach of the same or any other of the terms, provisions, and covenants herein contained. Forbearance by Landlord in enforcement of one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. The acceptance of any Rent hereunder by Landlord following the occurrence of any default, whether or not known to Landlord, shall not be deemed a waiver of any such default.

19.6 Efforts to Relet

For the purposes of this Article 19, Tenant's right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests hereunder. The foregoing enumeration is not exhaustive but merely illustrative of acts that may be performed by Landlord without terminating Tenant's right to possession.

19.7 Landlord Default

Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within thirty (30) business days after notice by Tenant to Landlord and to the holder of any mortgage or deed of trust covering the Premises (the "**Mortgagee**") and to the County, whose names and addresses shall have theretofore been furnished to Tenant, specifying the default in reasonable detail; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) business day period, Landlord shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure said default in a commercially reasonable fashion. If Landlord fails to cure such default within the applicable cure period, Tenant shall give written notice of such failure to Mortgagee and to the County, specifying wherein Landlord has failed to perform such obligation with an additional period of time equal to that provided to Landlord for either of them to cure. If either Mortgagee or County performs on behalf of Landlord, such default shall be deemed cured. Subject to Section 10.1, in no event shall Landlord be liable under any circumstances for any consequential damages incurred by Tenant including, without limitation, any injury to, or interference with, Tenant's business, (including any loss of profits) arising in connection with this Lease, except to the extent arising from Landlord's gross negligence, willful misconduct or breach of this Lease.

It is expressly understood and agreed that notwithstanding anything in this Lease to the contrary, and notwithstanding any applicable law to the contrary, in the event Tenant makes any claim or asserts any cause of action against Landlord or its Affiliates (as defined below) as a result of Landlord's or its Affiliates default, which cannot be brought unless Mortgagee and County fail to cure the alleged Landlord default: (a) Tenant's sole and exclusive remedy shall be against Landlord's share of the current rents (as established in the Master lease), issues, profits, and other income Landlord receives from its operation of the Project, net of all current operating expenses, liabilities, reserves, and debt service associated with said operation ("**Net Income**" for purposes of this Section 19.7 only), (b) no real, personal, or mixed property of Landlord or its Affiliates, wherever located, shall be subject to levy for any judgment obtained by Tenant against Landlord, (c) if such Net Income is insufficient to satisfy any judgment, Tenant will not institute any further action, suit, claim, or demand, in law or in equity, against Landlord or its Affiliates for or on the account of such deficiency, and (d) Landlord's default shall not constitute consent by Landlord for Tenant to perform or observe such terms, covenants, or conditions at Landlord's expense; and neither Landlord, nor any of its Affiliates shall have any additional personal liability therefore. The limitations set forth in this Section 19.7 shall be applicable to, and enforceable by, Landlord and/or its Affiliates. Tenant, on behalf of itself and all persons claiming by, through, or under Tenant, hereby expressly waives and releases Landlord and its Affiliates (as defined below) from any and all such additional personal liability.

Landlord and its affiliates, agents, contractors, employees, assignors, predecessors, successors, or Transferees (collectively "**Affiliates**") shall not be liable for injury to Tenant's business or loss of income therefrom or for damage that may be sustained by the person, merchandise, or personal property of Tenant, its employees, invitees, customers, agents, or contractors or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction, failure, or other defects of the utility installations, air conditioning system, or other common systems and components of the Premises or Project, or as a result of the exercise by Landlord of its rights under this Lease, except to the extent that such damage or loss is caused by Landlord's and/or its Affiliates' gross negligence, willful misconduct or breach of this Lease. Landlord makes no representations or warranties whatsoever with respect to any air conditioning system or other common systems or utility installations existing as of the date hereof or in the future. Landlord and its Affiliates shall not be liable in damages or otherwise for any discontinuance, failure, or interruption of service to the Premises of utilities, the air conditioning system, or any other systems and

services and Tenant shall have no right to terminate this Lease or withhold rent because of the same. Landlord and its Affiliates shall not be liable for any damages arising from any use, act, or failure to act of any other tenant or occupant of the Project or any other third party associated with the Project.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved, and on keeping, observing, and performing all the other terms, covenants, conditions, provisions, and agreements herein contained on the part of Tenant to be kept, observed, and performed, shall, during the Lease Term, peaceably and quietly have, hold, and enjoy the Premises subject to the terms, covenants, conditions, provisions, and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

SECURITY DEPOSIT

On or before the date of this Lease, Tenant shall pay Landlord the Security Deposit as set forth in Section 12 of the Summary (the "**Security Deposit**") as security for the faithful performance by Tenant of all of its obligations under this Lease. Landlord shall be entitled to any interest that may be earned on the Security Deposit. Landlord shall not be required to hold the Security Deposit and, if Landlord does hold the Security Deposit, Landlord shall not be required to hold the Security Deposit in a segregated account except as may be required by applicable law or any Mortgagee. If any sum payable by Tenant to Landlord pursuant to this Lease shall be overdue and unpaid or paid by Landlord on behalf of Tenant, or if Tenant shall fail to perform any of its obligations under this Lease, then Landlord may, at its option and without prejudice to any other remedy that Landlord may have on account thereof, appropriate and apply all or a portion of the Security Deposit to compensate Landlord for Rent, loss, or damage sustained by Landlord, and Tenant shall forthwith restore said Security Deposit to the original sum deposited or be deemed to be in material default under this Lease. Should Tenant comply with all of said obligations, promptly pay all Rent when due and all other sums payable by Tenant to Landlord, and return the Premises to Landlord pursuant to the provisions of this Lease, the Security Deposit shall be refunded to Tenant at the expiration or earlier termination of the Lease Term. If Tenant is in default including but not limited to being late in payment of Rent more than two (2) times in any twelve (12) month period, irrespective of whether or not such default is cured, without limiting Landlord's other rights and remedies provided for in this Lease or at law or in equity, the Security Deposit shall automatically be increased by an amount equal to the greater of: (i) three (3) times the Security Deposit; or (ii) three (3) months of the then current Base Rent, which shall be paid to Landlord immediately on demand. Tenant's failure to do so shall be a material default under the Lease.

ARTICLE 22

NOTICES

All notices, demands, statements, designations, approvals, or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder shall be in writing, shall be sent by United States certified or registered mail, postage prepaid, return receipt requested, or delivered personally or sent by recognized overnight courier service (such as Federal Express) to Landlord or Tenant at the appropriate addresses set forth in Section 13 of the Summary, or to such other place as

Landlord or Tenant may from time to time designate in a Notice to the other party. Any Notice will be deemed given (i) three (3) business days after the date that it is mailed as provided in this Article 22; (ii) upon the date personal delivery is made; or (iii) one (1) business day after the date that it is sent by recognized overnight courier service. If Tenant is notified of the identity and address of the holder of any deed of trust or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant.

Tenant is hereby notified that Secured Lender's address is:

Mutual of Omaha Bank
8337 W. Sunset Rd., #300
Las Vegas, NV 89113
Attention: Legal Department

ARTICLE 23

DEVELOPMENT OF THE PROJECT

Tenant acknowledges that the Project may be subdivided. Landlord reserves the right to further subdivide all or a portion of the buildings in the Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form reasonably requested by Landlord, any additional reasonable documents needed to conform this Lease to the circumstances resulting from a subdivision and any all maps in connection therewith. If portions of the Project or property adjacent to the Project (collectively, the "**Other Improvements**") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any of the Other Improvements to provide (i) for reciprocal rights of access, use, and/or enjoyment of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement, and/or repair of all or any portion of the Project and all or any portion of the Other Improvements, (iii) for the allocation of a portion of the Operating Expenses to the Other Improvements and the allocation of a portion of the operating expenses and taxes for the Other Improvements to the Project, (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project, and (v) for any other matter which Landlord deems necessary. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to sell and/or lease all or any portion of the Project or any other of Landlord's rights described in this Lease. Tenant acknowledges that portions of the Project and/or the Other Improvements may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. that are in excess of that present in a fully constructed project. Tenant shall consent to Landlord's granting of additional utility easements on the Premises for purposes of further developing the Project so long as such easement(s) do not materially interfere with Tenant's business or its use or enjoyment of the Premises. Tenant hereby waives any and all Rent offsets, claims of constructive eviction, or any other claims that may arise in connection with such construction provided, however, Landlord shall use Landlord's commercially reasonable efforts to minimize disruption to Tenant's business caused by any such construction activities. Notwithstanding any other provisions of this Lease, Landlord shall not do or cause anything to be done with respect to the Common Areas or the other portions of the Project to the extent that Landlord controls or has the right to control that portion of the Project or the Premises that shall materially interfere with Tenant's use, occupancy, or access to, or conduct or operation of its business on the Premises. Tenant does not rely on the fact, nor

does Landlord represent, that there shall be any specific occupants or minimum occupancy level of space in the Project at any time.

ARTICLE 24

BROKERS

Except for any broker or agent listed in Section 14 of the Summary, Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent occurring by, through, or under the indemnifying party.

ARTICLE 25

LATE CHARGES

No grace period for the payment of any amount due under this Lease exists. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain in advance. Such costs include, but are not limited to, processing and accounting charges, and late charges that may be imposed upon Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, if any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) days after said amount is due, then Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of the overdue amount (the "**Late Charge**"). The parties hereby agree that such Late Charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment of Rent or other sums by Tenant. Landlord's acceptance of such Late Charge shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. The Late Charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. Tenant hereby agrees that if Tenant is subject to a Late Charge for two (2) consecutive months, Base Rent for the following twelve (12) months shall automatically be adjusted to be payable quarterly, in advance. In addition to the Late Charge, any Rent or other amounts owing hereunder that are not paid within five (5) days after the date that they are due shall bear interest from the date when due until paid at the "Lease Interest Rate" which shall mean a rate per annum equal to the lesser of (i) fifteen percent (15%) per annum, or (ii) the highest rate permitted by applicable law.

If Base Rent or Additional Rent is paid by check and the check is returned to Landlord for any reason whatsoever without payment, Tenant shall be assessed a late charge and interest on past due amount pursuant this Article 25 above, as well as a Fifty Dollar (\$50.00) fee. If payment is returned for insufficient funds, Landlord has the right to demand that such payment be in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form. If Tenant has two

(2) or more insufficient funds' payments in a twelve (12) month period, Tenant shall, at Landlord's option, make all subsequent payments be in the form of a cashiers or certified check.

ARTICLE 26

**LANDLORD'S RIGHT TO CURE DEFAULT;
PAYMENTS BY TENANT**

26.1 Landlord's Cure

All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent. If Tenant shall fail to perform any of its obligations under this Lease within the applicable cure period, or if no cure period exists within a reasonable time after such performance is required by the terms of this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 Tenant's Reimbursement

Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within fifteen (15) days after delivery by Landlord to Tenant of statements therefor: (i) sums equal to out-of-pocket expenditures reasonably made and obligations reasonably incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages, and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all reasonable expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law following any Event of Default by Tenant for which any applicable notice and cure period has expired, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times and upon no less than twenty-four (24) hours prior notice to Tenant (except in the case of an emergency) for Landlord and/or its authorized representatives to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees, tenants, or to the ground or underlying lessors; (iii) post notices of non-responsibility; (iv) perform, after the delivery to Tenant of written notice thereof and Tenant's failure to perform said covenant within the applicable cure period or if none within a reasonable period of time, any covenants of Tenant that Tenant fails to perform; (v) perform its duties under this Lease, if any, and to perform any work therein that (a) may be necessary to comply with applicable law or the Restriction Documents, (b) Landlord may deem necessary to prevent waste or deterioration of the Premises or the Project, (c) Landlord may deem necessary in connection with the expansion, reduction, remodeling, or renovation of any portion of the Project, with Landlord endeavoring to reasonably minimize the effect upon Tenant occupancy, access to, or conduct or operation of its business on the Premises, and/or (d) that may be necessary in connection with the installation, maintenance, and/or modification of any utility lines or related apparatus located within the Premises.

Landlord may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by such entry by Landlord. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises.

ARTICLE 28

PARKING

Tenant and its employees, except as designated by Landlord as described below, and Tenant's agents, customers, vendors, and guests, shall park only in, and shall have the nonexclusive use of, those parking areas depicted on **Exhibit "A-4"** ("**Non-Exclusive Parking Area**"). Landlord reserves the right to change the size, configuration, design, location, layout, and all aspects of the parking areas at any time and Tenant acknowledges and agrees that Landlord may do so, without incurring any liability to Tenant and without any abatement of Rent under this Lease.

Tenant and its employees shall also be permitted to park Tenant's delivery trucks, but not any other automobiles or vehicles, in the parking areas as depicted on **Exhibit "A-5"**, which may from time to time be designated by Landlord ("**Exclusive Parking Area**"). Landlord at all times shall have the right to designate the Non-Exclusive Parking Area and Exclusive Parking Area to be used or not used by any or all of such employees and any such designation may be changed by Landlord from time to time in Landlord's sole and absolute discretion. Tenant and its employees agree that there is no off-site parking whatsoever associated with the Project and that they shall park all vehicles only in those portions of the Non-Exclusive Parking Area and their delivery trucks only in those portions of the Exclusive Parking Area, if any, designated for that purpose by Landlord. Tenant shall furnish Landlord with its and its employees' license numbers within five (5) days after requested by Landlord, and Tenant shall thereafter notify Landlord of any change within five (5) days after such change occurs. If Tenant, its employees, or any party affiliated with Tenant's business operations fail to park their vehicles in the designated parking areas, Landlord may charge Tenant as follows: One Hundred Dollars (\$100) for the first (1st) Violation (as defined below); (ii) Two Hundred Fifty Dollars (\$250) for the second (2nd) Violation; (iii) Five Hundred Dollars (\$500) for the third (3rd) Violation; and (iv) Landlord may elect to terminate the Lease on the fourth (4th) or any subsequent Violation. All amounts due under the provisions of this paragraph shall be payable by Tenant within ten (10) days after demand thereof. For purposes of this Article 28, a "**Violation**" shall mean the parking of a vehicle by Tenant, its agents, employees, customers, vendors, or invited guests in the Exclusive Parking Area, without designation from Landlord, or parking on any of the streets surrounding the Project, for any amount of time whatsoever. In the event a vehicle remains in the Exclusive Parking Area, without designation from Landlord, for a period of twenty-four (24) hours or longer, Landlord may issue another Violation and Landlord may continue to issue subsequent Violations for each additional twenty-four hour period in which such vehicle remains in the Exclusive Parking Area. In addition to any Violation charge, if any, Tenant hereby authorizes Landlord to tow away from the Project any vehicle or vehicles belonging to Tenant, Tenant's employees or any party affiliated with Tenant's business operations which are parked in violation of the foregoing or the rules and regulations issued by Landlord from time to time and/or to attach violation stickers or notices to such vehicles.

Nothing contained herein shall be deemed to create any liability upon Landlord for any damage to motor vehicles of customers or employees or for loss of property from within such motor vehicles.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 Terms

The necessary grammatical changes required to make the provisions hereof apply either to corporations, limited liability companies, partnerships, other entities, or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed.

29.2 Binding Effect

Subject to all other provisions of this Lease, each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 No Air Rights

No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance, or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 Short Form of Lease

Should Landlord, any prospective mortgagee of Landlord, or a ground lessor require execution of a short form of Lease for recording, containing, among other customary provisions, the names of the parties and/or a description of the Premises and the Lease Term, Tenant agrees to execute and deliver such short form of Lease to Landlord within ten (10) days following the request therefor.

29.5 Transfer of Landlord's Interest

Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease arising after the date of the transfer and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder arising after the date of transfer. Tenant further acknowledges that Landlord may assign its interest in this Lease to the holder of any mortgage or deed of trust as additional security, but agrees that such an assignment shall not release Landlord from its obligations hereunder and Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 Prohibition Against Recording

Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit, or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under, or on behalf of Tenant, and the recording thereof in violation of this provision shall make this Lease null and void at Landlord's election.

29.7 Landlord's Title

Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall, or may encumber the title of Landlord.

29.8 Captions

The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect, or alter the meaning of such Articles and Sections.

29.9 Relationship of Parties

Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer, or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of Rent nor any act of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

29.10 Application of Payments

Except as provided in the Work Letter Agreement, Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, notwithstanding any designation made by Tenant, to satisfy any obligations of Tenant hereunder in such order and amounts as Landlord, in its reasonable discretion, may elect.

29.11 Time of Essence

Time is of the essence of this Lease and each of its provisions.

29.12 Partial Invalidity

If any term, provision, or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision, or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision, and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.13 No Warranty

In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord that is not set forth herein or in one or more of the exhibits attached hereto.

29.14 Financial Statements

In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time but not more frequently than semi-annually, upon Landlord's written request, with current financial statements reflecting Tenant's financial condition. The year's end financial statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. The financial statements shall consist of (i) an operating statement and (ii) a statement of cash flow.

29.15 Entire Agreement

It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements, and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This Lease, the exhibits, and schedules attached hereto, the Work Letter Agreement, and any side letter or separate agreement executed by Landlord and Tenant in connection with this Lease and dated of even date herewith, contain all of the terms, covenants, conditions, warranties, and agreements of the parties relating in any manner to the rental, use, and occupancy of the Premises and shall be considered to be the only agreements between the parties hereto and their representatives and agents. None of the terms, covenants, conditions, or provisions of this Lease can be modified, deleted, or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Lease.

29.16 Right to Lease

Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Project.

29.17 Force Majeure

Any prevention, delay, or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay, or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused

by a Force Majeure. Prior to an event of Force Majeure extending any time period for performance, the Tenant or Landlord, as the case may be, shall provide written notification ("**Force Majeure Notice**") to the other party of the event claimed to be an event of Force Majeure and give the other party, if possible, a two (2) day period to cause the cure of such event if such event is susceptible to being cured by the other party. If the event is not cured within the two (2) day period and continues past the second day, an event of Force Majeure shall commence from the day occurring on the third (3rd) day after the other party's receipt of the Force Majeure Notice. If an event of Force Majeure is not susceptible of cure, an event of Force Majeure shall be deemed to have occurred from the date that the other party has received the Force Majeure Notice. The term Force Majeure shall not include any delay caused by the appropriate municipality in issuing a building permit for any of Tenant's Work (as defined in **Exhibit "E"** attached hereto) unless the failure to issue the building permit is due to a moratorium or other similar circumstances.

29.18 Waiver of Redemption by Tenant

Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.19 Joint and Several

If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 Authority

If Tenant is a corporation, limited liability company, or partnership, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in Nevada and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so.

29.21 Attorneys' Fees; Waiver of Jury Trial

Each party hereby waives any right to a trial by jury in any action for specific performance of this Lease, for damages for the breach hereof, or otherwise for enforcement of any remedy hereunder. In the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such reasonable costs and reasonable attorneys' fees as may have been incurred. Further, if for any reason Landlord or Tenant consults legal counsel or otherwise incurs any reasonable costs or expenses as a result of its rightful attempt to enforce the provisions of this Lease following an Event of Default by Tenant or default by Landlord (after expiration of any applicable notice and cure period), even though no litigation is commenced, or if commenced is not pursued to final judgment, Tenant or Landlord, as the case may be, shall be obligated to pay to the other party, in addition to all other amounts for which the other party is obligated hereunder, all of Landlord's or Tenant's reasonable costs and expenses incurred in connection with any such acts, including reasonable attorneys' fees.

29.22 Governing Law and Venue

This Lease shall be construed and enforced in accordance with the laws of the State of Nevada, and the venue for any litigation concerning this Lease shall be in Clark County, Nevada.

29.23 Submission of Lease

Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 Intentionally Omitted**29.25 Independent Covenants**

This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent, and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord; provided, however, except as provided herein, that the foregoing shall in no way impair Tenant's right to assert mandatory counterclaims in any action or proceeding or the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as notice is first given to Landlord and any holder of a mortgage or deed of trust covering the Project or any portion thereof, whose address has theretofore been given to Tenant, and an opportunity is granted to Landlord and such holder to correct such violations as provided in Section 19.7.

29.26 Project Name and Signage

Landlord shall have the right at any time to change the name of the Project (or portions thereof) and to install, affix, and maintain any and all signs on the exterior and on the interior of the Project as Landlord may, in Landlord's discretion, desire (subject to Tenant's signage rights as described above).

29.27 Confidentiality

Tenant and Landlord acknowledge that the content of this Lease and any related documents are confidential information. Tenant and Landlord shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than a lender or potential purchaser of the Premises or either party's financial, legal, insurance and space planning consultants or broker.

29.28 Intentionally Omitted**29.29 Interpretation**

Landlord and Tenant, and their respective counsel if they so choose, have reviewed and revised this Agreement and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement.

29.30 Rules

Tenant is deemed to have received and hereby agrees to abide by any rules implemented and imposed for the Premises and Project (the "**Rules**"), and Landlord reserves the right at any time to implement and impose Rules as in Landlord's reasonable judgment may from time to time be necessary for the management, safety, care, and cleanliness of the Premises and Project, and for the preservation of good

order therein, as well as for the convenience of other occupants and tenants therein, which will not interfere with Tenant's operations or use or occupancy of or access to the Premises or the Common Areas.

29.31 Security Officers

Tenant acknowledges that if Landlord provides security officers for the Common Areas, Landlord does not represent, guarantee, or assume responsibility (1) that Tenant will be secure from any claims relating to such security officers; or (2) for the security of Tenant, its agents, employees, invitees, or contractors or Tenant's property or the property of Tenant's agents, employees, invitees, or contractors. Tenant agrees to take whatever measures it deems prudent to provide any safeguards. Landlord shall have no obligation to hire, maintain, or provide such services, which may be withdrawn or changed at any time with or without notice to Tenant or any other person and without liability to Landlord.

29.32 Real Estate Investment Trust

Should a real estate investment trust become Landlord hereunder, all provisions of this Lease shall remain in full force and effect except as modified by this Section 29.32. If Landlord in good faith determines that its status as a real estate investment trust under the provisions of the Internal Revenue Code of 1986, as heretofore or hereafter amended, will be jeopardized because of any provision of this Lease, Landlord may request reasonable amendments to this Lease, and Tenant will not unreasonably withhold, delay, or defer its consent thereto, provided that such amendments do not (a) increase the monetary obligations of Tenant (or otherwise materially change Tenant's obligations) pursuant to this Lease, or (b) in any other manner substantially and adversely affect Tenant's interest in the Premises.

29.33 Landlord Consent

Wherever in this Lease Landlord's consent, approval, or permission (collectively referred to in this Section 29.33 as "**Consent**") is required, Landlord shall not be deemed to have withheld Consent unreasonably where Landlord's right to give Consent is conditioned upon Landlord obtaining the consent of any other person, tenant, entity, agency, or governmental authority and such other person, tenant, entity, agency, or Governmental Authority does withhold its consent. If Landlord fails to give any Consent that a court later holds Landlord was required to give under the terms of this Lease, Tenant shall be entitled solely to specific performance but in no event shall Landlord be responsible for monetary damages (including incidental and consequential damages) for such failure to give Consent unless such Consent is withheld maliciously or in bad faith.

29.34 Time

In computing any period of time prescribed or allowed by this Lease, unless otherwise expressly provided herein, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday, or a non-judicial day, in which event the period runs until the end of the next day which is not one of the aforementioned days. When the period of time prescribed or allowed is less than six (6) days, intermediate Saturdays, Sundays, and non-judicial days shall be excluded in the computation.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"TENANT": A-M GLOBAL LOGISTICS, LLC,
a Delaware limited liability company

By: /s/ Brian Aquilino

Print Name: Brian Aquilino

Print Title: Vice President of Operations

"LANDLORD": MCP CARGO, LLC,
a Nevada limited liability company

By: /s/ Greg Wells

Print Name: Greg Wells

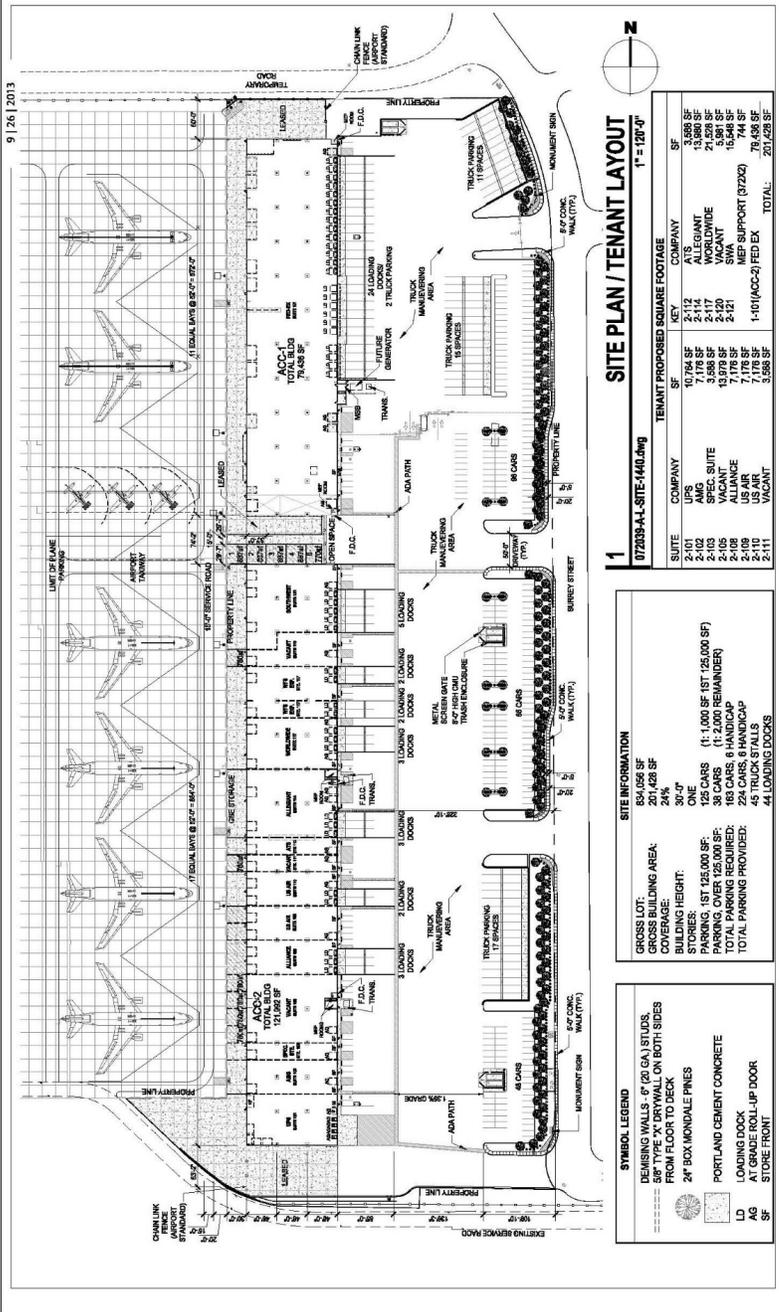
Print Title: Manager

EXHIBIT "A-1"

SITE PLAN

Tenant acknowledges that Landlord may unilaterally change the shape, size, location, number, and extent of the improvements to any portion of the Project without Tenant's consent.

9 | 26 | 2013



SITE PLAN / TENANT LAYOUT

072039-A1-SITE-A40.dwg
1" = 120'-0"

1

SUITE	COMPANY	TENANT PROPOSED SQUARE FOOTAGE	KEY	COMPANY	SF
2-101	UPS	10,794 SF	2-112	ATIS	3,588 SF
2-102	AMG	7,178 SF	2-114	ALLEGANT	13,980 SF
2-103	SPEC. SUITE	3,588 SF	2-117	VACANT	5,381 SF
2-108	ALLIANCE	7,175 SF	2-120	VACANT	5,381 SF
2-109	US AIR	7,175 SF	2-121	SWA	15,648 SF
2-110	VACANT	744 SF		MEP SUPPORT (3720)	744 SF
2-111	VACANT	3,588 SF	1-101(ACC-3)FED EX		79,428 SF
				TOTAL:	201,428 SF

SYMBOL LEGEND

- DEMISING WALLS: 4" OR 6" CA. 10' O.D.
- 5/8" TYPE "X" DRYWALL ON BOTH SIDES FROM FLOOR TO DECK
- 24" BOX MONDALE PINES
- PORTLAND CEMENT CONCRETE
- LOADING DOCK
- AT CURB/ROLL-UP DOOR
- STORE FRONT

SITE INFORMATION

- GROSS LOT: 854,068 SF
- GROSS BUILDING AREA: 201,428 SF
- COVERAGE: 24%
- BUILDING HEIGHT: 30'-0"
- PARKING: 125 CARS (1: 1,000 SF; 1ST 126,000 SF)
- PARKING OVER 125,000 SF: 38 CARS (1: 2,000 REMAINDER)
- TOTAL PARKING REQUIRED: 163 CARS, 8 HANDICAP
- TOTAL PARKING PROVIDED: 224 CARS, 8 HANDICAP
- 44 LOADING DOORS

MARNELL ARCHITECTURE
ARCHITECTURE • PLANNING • DESIGN

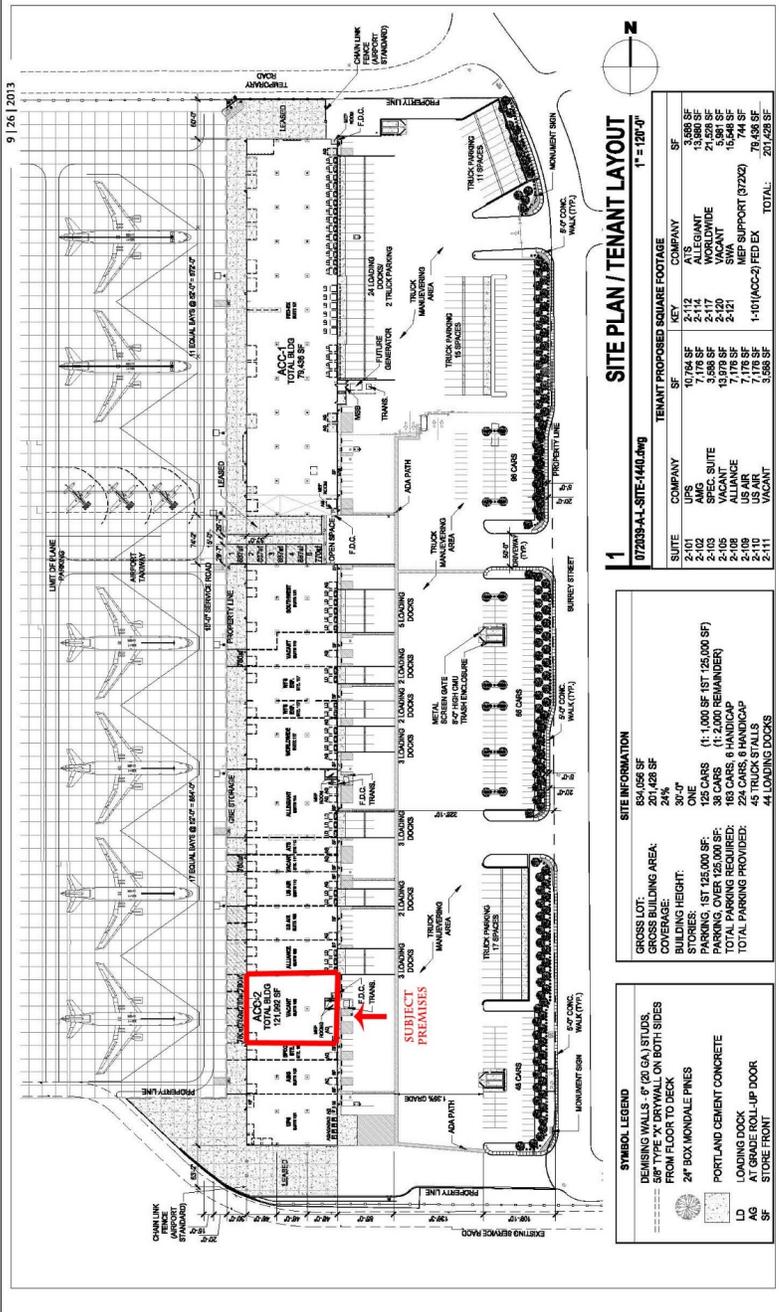
MARNELL AIRPORT CENTER | AIR CARGO CENTER



EXHIBIT "A-2"

DEPICTION OF PREMISES

9/26/2013



SITE PLAN / TENANT LAYOUT
1" = 120'-0"

072039-A1-SITE-A40.dwg

SUITE	COMPANY	TENANT PROPOSED	SQUARE FOOTAGE
2-101	UPS	UPS	3,588 SF
2-102	AMG	ALLEGANT	13,960 SF
2-103	SPEC. SUITE	ALLEGANT	2,112 SF
2-108	ALLIANCE	VACANT	2,112 SF
2-109	US AIR	VACANT	2,112 SF
2-110	VACANT	VACANT	5,381 SF
2-111	VACANT	VACANT	5,381 SF
		MEP SUPPORT (3720)	15,648 SF
		1-101(ACC-3)FED EX	744 SF
			79,428 SF
		TOTAL:	201,428 SF

SITE INFORMATION

GROSS LOT: 854,068 SF
 GROSS BUILDING AREA: 201,428 SF
 COVERAGE: 24%
 BUILDING HEIGHT: 30'-0"
 PARKING: 125 CARS (1: 1,000 SF; 1ST 126,000 SF)
 PARKING OVER 125,000 SF: 38 CARS (1: 2,000 REMAINDER)
 TOTAL PARKING REQUIRED: 163 CARS; 8 HANDICAP
 TOTAL PARKING PROVIDED: 224 CARS; 8 HANDICAP
 44 LOADING DOORS

SYMBOL LEGEND

- DEMANDING WALLS: 4" OR 6" CA. 10' U.S.
- 5/8" TYPE 'X' DRYWALL ON BOTH SIDES FROM FLOOR TO DECK
- 24" BOX MONDALE PINES
- PORTLAND CEMENT CONCRETE
- LOADING DOCK
- AT CURB/ROLL-UP DOOR
- STORE FRONT

MARNELL ARCHITECTURE
 ARCHITECTURE • PLANNING • DESIGN

MARNELL AIRPORT CENTER | AIR CARGO CENTER

MARNELL AIR CARGO CENTER

EXHIBIT "A-3"

LEGAL DESCRIPTION OF PROJECT

LEGAL DESCRIPTION OF AIR CARGO CENTER

EXPLANATION

THIS LEGAL DESCRIBES A PARCEL OF LAND KNOWN AS AIR CARGO, BEING A PORTION OF LOT 1 OF THAT CERTAIN FINAL MAP TITLED "AIRPORT EAST LOT" RECORDED IN BOOK 113, PAGE 71 OF PLATS, GENERALLY LOCATED NORTH OF PATRICK LANE AND WEST OF EASTERN AVENUE.

LEGAL DESCRIPTION

A PORTION OF LOT 1 AS SHOWN ON THAT CERTAIN FINAL MAP ENTITLED "AIRPORT EAST LOT" RECORDED IN BOOK 113, PAGE 71 OF PLATS, LYING WITHIN THE NORTHEAST QUARTER (NE 1/4) OF SECTION 35, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER (NE 1/4) OF SAID SECTION 35, THENCE ALONG THE SOUTH LINE THEREOF, NORTH 89°31'01" WEST, 807.41 FEET TO THE **POINT OF BEGINNING**; THENCE DEPARTING SAID SOUTH LINE, NORTH 00°18'39" WEST, 1650.37 FEET; THENCE NORTH 89°23'48 EAST, 431.42 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 420.00 FEET, FROM WHICH THE BEGINNING THE RADIUS BEARS SOUTH 58°27'41" WEST; THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 30°56'10", AN ARC LENGTH OF 226.77 FEET; THENCE SOUTH 00°36'09" EAST, 1343.27 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHERLY, ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 28°56'04", AN ARC LENGTH OF 25.25 FEET, TO THE BEGINNING OF A REVERSE CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 70.00 FEET, THROUGH WHICH A RADIAL LINE BEARS SOUTH 61°40'04" EAST, THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 66°23'12", AN ARC LENGTH OF 81.11 FEET RETURNING TO SAID SOUTH LINE; THENCE ALONG SAID SOUTH LINE, NORTH 89°31'01" WEST, 499.11 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 18.71 ACRES, MORE OR LESS.

BASIS OF BEARING

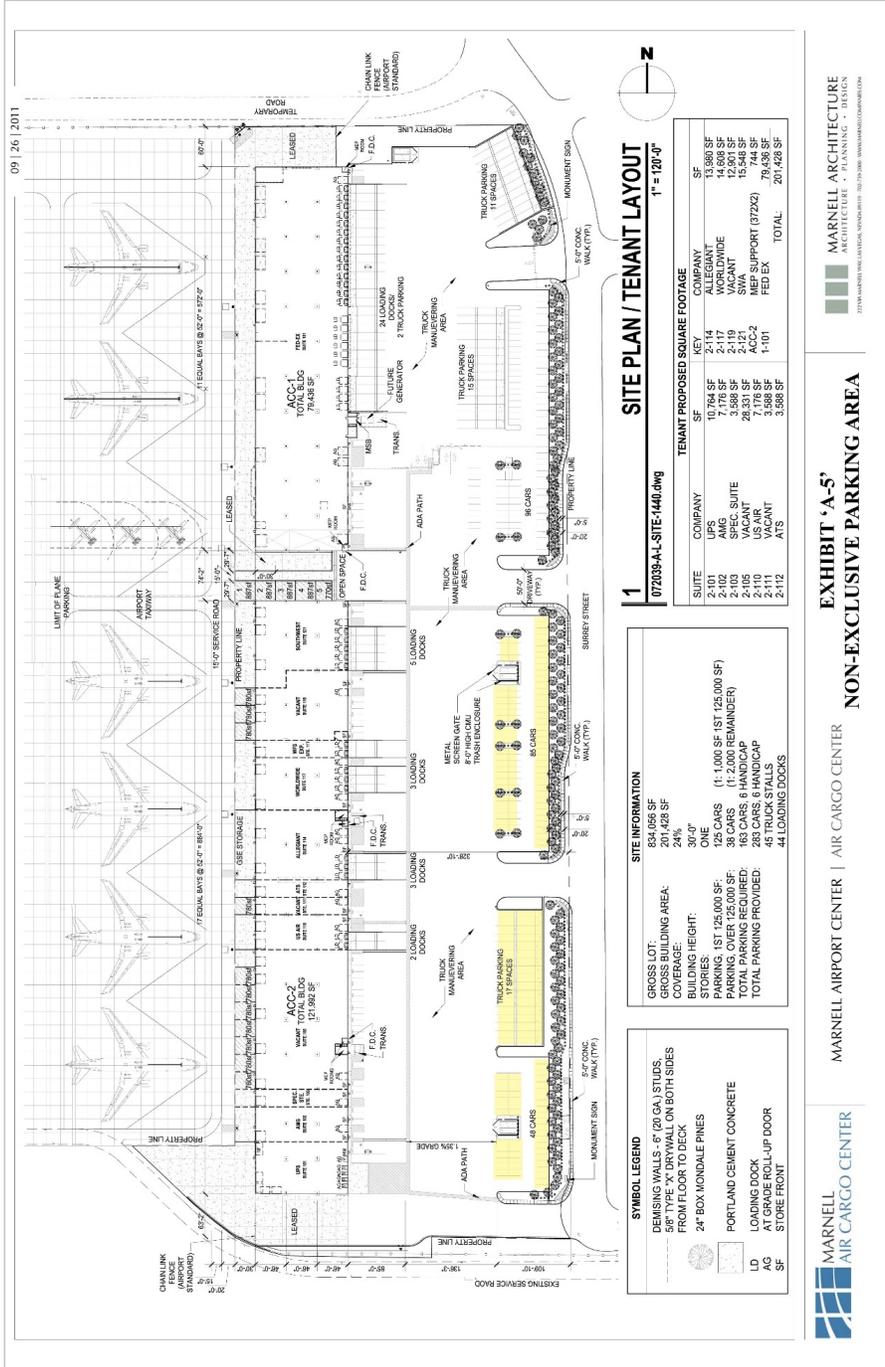
SOUTH 00°41'30" EAST, BEING THE BEARING OF THE EAST LINE OF THE SOUTHEAST QUARTER (SE 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 35, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA, AS SHOWN IN BOOK 113, PAGE 71 OF PLATS, OFFICIAL RECORDS OF CLARK COUNTY, NEVADA.

(SEE EXHIBIT 'B' ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF)

END OF DESCRIPTION.

EXHIBIT "A-4"

NON-EXCLUSIVE PARKING AREA



09 | 26 | 2011

1 SITE PLAN / TENANT LAYOUT
 072039-A-1-SITE-140.dwg
 1" = 120'-0"

1

SITE INFORMATION	
GROSS LOT:	834,065 SF
GROSS BUILDING AREA:	201,428 SF
COVERAGE:	24%
BUILDING HEIGHT:	30'-0"
STORIES:	ONE
PARKING OVER 125,000 SF:	38 CARS (1,100 SF 1ST 125,000 SF)
TOTAL PARKING REQUIRED:	183 CARS (1:2,000 REMAINDER)
TOTAL PARKING PROVIDED:	283 CARS, 6 HANDICAP
	45 TRUCK STALLS
	44 LOADING DOCKS

SYMBOL LEGEND	
DEMISING WALLS - 6" (20 GA.) STUDS, 5'-0" ON BOTH SIDES FROM FLOOR TO DECK	
24" BOX - MONDALE PINES	
PORTLAND CEMENT CONCRETE	
LOADING DOCK	
TRUCK ROLL-UP DOOR	
STORE FRONT	

TENANT PROPOSED SQUARE FOOTAGE					
SUITE	COMPANY	SF	KEY	COMPANY	SF
2-101	LPS	10,754 SF	2-114	ALLEGANT	13,980 SF
2-102	AMG	7,176 SF	2-119	VACANT/WIDE	12,800 SF
2-103	VACANT	28,331 SF	2-121	SWA	15,548 SF
2-108	VACANT	28,331 SF	2-121	MEP SUPPORT (372X)	79,744 SF
2-110	US AIR	7,176 SF	ACC-2	FED EX	79,744 SF
2-111	VACANT	3,588 SF	1-101	FED EX	201,428 SF
2-112	ATS	3,588 SF		TOTAL	201,428 SF

EXHIBIT 'A-5'
NON-EXCLUSIVE PARKING AREA

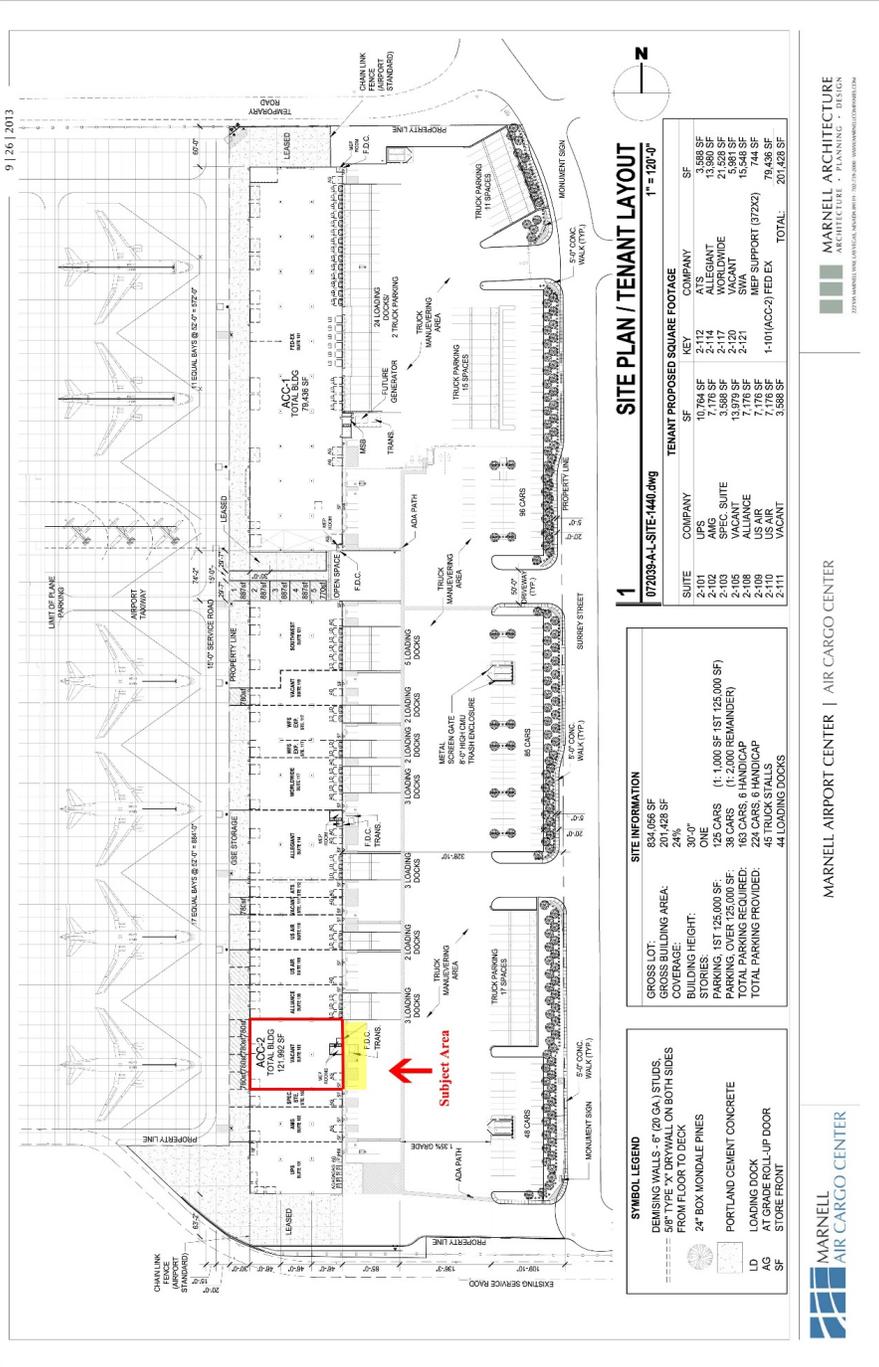
MARNELL AIRPORT CENTER | AIR CARGO CENTER



EXHIBIT "A-5"

EXCLUSIVE PARKING AREA

9 | 26 | 2013



SITE PLAN / TENANT LAYOUT
1" = 120'-0"

072030-A1-SITE-140.dwg

1

SUITE	COMPANY	TENANT PROPOSED SQUARE FOOTAGE	KEY	COMPANY	SF
2-101	ANG	19,176 SF	2-114	ALLEGANT	13,800 SF
2-102	SPEC SUITE	3,568 SF	2-117	WORLDWIDE	21,529 SF
2-103	VACANT	13,979 SF	2-121	MANT	15,563 SF
2-105	US AIR	7,178 SF	2-108	SWA	15,563 SF
2-108	VACANT	7,178 SF	2-110	MEP SUPPORT (372X)	744 SF
2-110	VACANT	7,178 SF	2-111	FED EX	79,436 SF
2-111	VACANT	3,568 SF		TOTAL:	207,428 SF

1

072030-A1-SITE-140.dwg

SUITE	COMPANY	TENANT PROPOSED SQUARE FOOTAGE	KEY	COMPANY	SF
2-101	ANG	19,176 SF	2-114	ALLEGANT	13,800 SF
2-102	SPEC SUITE	3,568 SF	2-117	WORLDWIDE	21,529 SF
2-103	VACANT	13,979 SF	2-121	MANT	15,563 SF
2-105	US AIR	7,178 SF	2-108	SWA	15,563 SF
2-108	VACANT	7,178 SF	2-110	MEP SUPPORT (372X)	744 SF
2-110	VACANT	7,178 SF	2-111	FED EX	79,436 SF
2-111	VACANT	3,568 SF		TOTAL:	207,428 SF

1

1

072030-A1-SITE-140.dwg

SUITE	COMPANY	TENANT PROPOSED SQUARE FOOTAGE	KEY	COMPANY	SF
2-101	ANG	19,176 SF	2-114	ALLEGANT	13,800 SF
2-102	SPEC SUITE	3,568 SF	2-117	WORLDWIDE	21,529 SF
2-103	VACANT	13,979 SF	2-121	MANT	15,563 SF
2-105	US AIR	7,178 SF	2-108	SWA	15,563 SF
2-108	VACANT	7,178 SF	2-110	MEP SUPPORT (372X)	744 SF
2-110	VACANT	7,178 SF	2-111	FED EX	79,436 SF
2-111	VACANT	3,568 SF		TOTAL:	207,428 SF

1

1

1

MARNELL ARCHITECTURE
ARCHITECTURAL PLANNING & DESIGN

MARNELL AIRPORT CENTER | AIR CARGO CENTER



EXHIBIT "B"

NOTICE OF LEASE TERM DATES

To: _____

Re: **Air Cargo Center Sublease dated _____, 2014, between MCP CARGO, LLC, a Nevada limited liability company ("Landlord"), and A-M GLOBAL LOGISTICS, LLC, a Delaware limited liability company ("Tenant"), concerning certain premises located at _____, Las Vegas, Nevada 89 ____.**

Gentlemen:

In accordance with the referenced Project Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Lease Term commenced on _____ for a term of _____ ending on _____.

2. Rent commenced to accrue on _____, in the amount of _____.

3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

4. Your rent checks should be made payable to _____ at _____.

Agreed to and Accepted as of _____, 200_.

LANDLORD: TENANT

MCP CARGO, LLC, A-M GLOBAL LOGISTICS, LLC
a Nevada limited liability company a Delaware limited liability company

By: _____ By: _____

Print Name: _____ Print Name: _____

Print Title: _____ Print Title: _____

EXHIBIT "C"

INTENTIONALLY OMITTED

EXHIBIT "D"

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Air Cargo Center Lease (the "**Lease**") made and entered into as of _____, 20__, by and between MCP CARGO, LLC, a Nevada limited liability company, as Landlord, and the undersigned as Tenant, for Premises located at _____, Las Vegas, Nevada _____, certifies as follows:

1. Attached hereto as **Exhibit "A"** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit "A"** represent the entire agreement between the parties as to the Premises.
2. The undersigned currently occupies the Premises described in the Lease.
3. The Lease Term commenced on _____, and the Lease Term expires on _____.
4. Base Rent became payable on _____. All monthly installments of Base Rent, all Additional Rent, and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is \$ _____.
5. The Lease is in full force and effect and has not been modified, supplemented, or amended in any way except as provided in **Exhibit "A"** attached hereto. Tenant shall not modify the documents contained in **Exhibit "A"** without the prior written consent of the holder of the deed of trust on the Premises.
6. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:
7. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder, except as follows: _____.
8. No rental has been paid more than thirty (30) days in advance, and no security has been deposited with Landlord except as provided in the Lease.
9. As of the date hereof, there are no existing defenses or offsets that the undersigned has against Landlord nor have any events occurred that with the passage of time or the giving of notice, or both, would constitute a default on the part of Landlord under the Lease, except as follows: _____.
10. The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord, a prospective mortgagee, or a prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein

in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making of such loan or acquisition of such property.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in Nevada, Tenant has the full right and authority to execute and deliver this Estoppel Certificate, and each person signing on behalf of Tenant is authorized to do so.

Executed at _____ on the ____ day of _____, 200 __.

"TENANT": A-M GLOBAL LOGISTICS, LLC
a Delaware limited liability company

By: _____

Print Name: _____

Print Title: _____

EXHIBIT "A" TO TENANT'S ESTOPPEL CERTIFICATE

LEASE

(TO BE ATTACHED)

EXHIBIT "E"

WORK LETTER AGREEMENT

WORK LETTER AGREEMENT

THIS WORK LETTER AGREEMENT is attached to and made part of that certain lease dated _____, 2014 between MCP CARGO, LLC, a Nevada limited liability company, as Landlord, and A-M GLOBAL LOGISTICS, LLC, a Delaware limited liability company, as Tenant (the "Lease"). The terms used in this Work Letter Agreement shall have the same definitions as set forth in the Lease. The provisions of this Work Letter Agreement shall prevail over any inconsistent or conflicting provision of the Lease.

I. LANDLORD'S WORK

A. None. In accordance with the Lease, it is projected that Landlord will deliver the Premises, which is currently in gray shell condition, to Tenant three (3) business days following the Effective Date. For purposes of the Lease and this Work Letter, gray shell shall mean and include the following as it relates to the Building and Premises, as applicable:

SITE FEATURES

- 4 – 50' Wide Driveways
- Ample Vehicle Parking, 263 Spaces
- 2 Dedicated Areas for Truck Parking, Total 28 Spaces
- 8 Handicap Parking Spaces Located at the Front of the Building
- 3 Oversized Trash Enclosures for Large Dumpsters
- Ramps up to Storefront Locations with Limited Parking at Storefront

BUILDING STRUCTURE

- Building Grid is 52' Wide by 3 – 46" Deep Bays
- Concrete Tilt-up Wall Panel Construction
- 8" Thick Concrete Slab on Grade
- Steel Roof Structure & Metal Roof Decking
- 22' Clearance Height to Bottom of Structure
- Single Ply Roofing Membrane Over Rigid Insulation

TENANT SPACE FEATURES

- Signage Band on Exterior Tilt-up Panels
- 10' x 12' Aluminum Storefront Entrances
- 10' x 12' Manual Overhead Doors at the Front of the Building
 - Can be either at Dock Level or Finish Floor Level
- 14' x 14' Overhead Door Openings at Airside
- 30' Wide, 8" Thick Concrete Apron on Airside
- Metal Stud Framing & Drywall Demising Walls
- 1 1/4" Valved Domestic Water Line Furnished to Space
- 4" Sanitary Sewer Stub Furnished to Space
- 1 1/4" Gas Line Stub Furnished to Space
- Wet Pipe Sprinkler System Provided at the Roof Structure with Freeze Protection
- Standard Size Roof Curbs Provided for AC Units & Evaporative Coolers
- Empty Electrical Conduit Provided to Space from 277 Volt, 200 Amp Meter
- Empty Conduits Provided to Space for Telephone & Cable
- Airport Security Card Readers at Overhead Door Openings on Public Side

EXCLUSIONS

- Skylights
- Covered Parking
- HVAC of Any Kind
- Interior Lighting
- Tenant Improvements

B. Allowance for Cost of Tenant's Work.

(a) Subject to Tenant's compliance with Section I.B(b) through (d), below, Tenant shall be entitled to a one-time tenant improvement allowance (the "Allowance") in the amount up to but not to exceed Five Hundred Fifty Nine Thousand One Hundred Sixty and 00/100s Dollars (\$559,160.00), which is equal to Forty and 00/100ths Dollars (\$40.00) per square foot, for the costs relating to the initial design and construction of Tenant's Work and which includes, but is not limited to, all costs associated with the installation of a dock high door for the Premises. In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount which exceeds the Allowance. Landlord shall only be obligated to make disbursements pursuant to this Work Letter for the cost of the Tenant's Work described in Section II below. In the event that the Allowance exceeds the actual costs relating to the initial

design and construction of Tenant's Work, the unused portion of the Allowance shall not be paid to Tenant nor shall Tenant be entitled to a corresponding credit against Rent or any other sums due under the Lease; provided, however, that in the event there is an unused portion of the Allowance remaining after the substantial completion of Tenant's Work, Tenant shall have up to twenty four (24) months after Tenant's Work has been substantially completed and from the date of the request for payment from Tenant as described in Section I.B(b), below, to use the remaining unused portion of the Allowance (the "Unused Allowance") for purposes of any Alterations made in accordance with the Lease and this Work Letter, or as otherwise mutually agreed to by Landlord and Tenant. The Alterations must be completed on or before the expiration of such twenty four (24) month period in order for Tenant to obtain the Unused Allowance. In the event the Unused Allowance is not used by Tenant within such twenty four (24) month period, the Unused Allowance shall not be paid to Tenant nor shall Tenant be entitled to a corresponding credit against Rent or any other sums due under the Lease. The Unused Allowance shall be paid to Tenant subject to Tenant's compliance with Section I.B(b) though (d), below.

(b) On or before the fifth (5th) day following Tenant's receipt of its Certificate of Occupancy for the Premises, Tenant shall deliver to Landlord: (i) a copy of Tenant's Certificate of Occupancy for the Premises, (ii) a request for payment, in a form to be approved by Landlord; (iii) invoices from all of Tenant's agents for labor rendered and materials delivered to the Premises; (iv) evidence of the absence of liens which are the subject of the request for payment as reasonably required by Landlord (including properly executed final lien releases, if applicable); and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the Tenant's Work furnished and/or the materials supplied as set forth in Tenant's payment request.

(c) Intentionally deleted.

(d) Subject to the provisions of this Work Letter, following the completion of the construction of the Premises and Tenant's receipt of its Certificate of Occupancy of the Premises, Landlord shall pay to Tenant the Allowance within thirty (30) days after Tenant's completion of those certain matters set forth in that certain Allowance Checklist attached hereto as Exhibit "A" and incorporated herein by this reference (the "Allowance Checklist") and which includes, but it not limited to, the following: (i) Tenant has delivered to Landlord properly executed final lien releases, if applicable, (ii) Landlord has reasonably determined that no substandard Tenant's Work exists which materially and adversely affects the mechanical, electrical, plumbing, heating, ventilating, and air conditioning, life-safety or other systems of the Building, (iii) Tenant's architect has delivered to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant's Work in the Premises has been substantially completed in accordance with the Final Plans, and (iv) Tenant has complied with all requirements set forth in Section II.1 below ("At Completion of Tenant's Work"). Payment by Landlord shall not be deemed Landlord's approval or acceptance of Tenant's Work furnished or materials supplied as set forth in Tenant's payment request. Notwithstanding anything in the Lease or this Work Letter to the contrary, if Tenant has not satisfied the conditions to payment set forth in (i) through (iv), inclusive, of this subsection (d) as of ninety (90) days following the completion of construction of the Premises and Tenant's receipt of its Certificate of Occupancy for the Premises, then Landlord shall not be obligated to pay to Tenant the Allowance or any portion thereof and Tenant shall be solely responsible for any and all costs related to and arising from Tenant's Work.

C. Any work beyond that described in Section I.A, above, and which exceeds the amount of the Allowance as it relates to Tenant's Work shall be provided by Tenant at its sole cost and expense. Any equipment or work other than those items specifically enumerated in Section I.A, above, which Landlord installs or constructs in the Premises on Tenant's behalf, shall either (i) be paid for by Tenant within fifteen (15) days after receipt of a bill thereof in the event the Allowance has already been paid or allocated in full;

or (ii) in the event the Allowance has not been paid or allocated in full, reduce the Allowance by such amount set forth in the bill. Such amount will be inclusive of Landlord's cost plus supervision, architectural and engineering expenses.

II. TENANT'S WORK

A. General.

1. All work required to complete and place the Premises in finished condition for opening of business shall be performed by Tenant at Tenant's sole cost and expense (other than as reimbursed as part of the Allowance) with all due diligence, which work shall hereinafter be referred to as "Tenant's Work", and Tenant agrees to commence Tenant's Work within sixty (60) days following: (i) notice from Landlord that Landlord's Work is substantially complete; and (ii) Landlord approving Tenant's Plan and Specifications pursuant to Section II.E below. For all purposes herein, Landlord's Work shall be deemed substantially completed when (i) Landlord has provided reasonable access to the Premises to Tenant, (ii) Landlord has completed Landlord's Work other than details of construction which do not materially interfere with Tenant's use of the Premises, and (iii) Landlord has obtained a temporary certificate of occupancy for the Premises (or its equivalent). Landlord agrees to pay to Tenant the Tenant Allowance to be applied to the cost of Tenant's Work, if any. The Tenant Allowance shall be paid in full to Tenant in accordance with Section I.B(d).

2. The project is being developed under the jurisdiction of the County of Clark, State of Nevada, and federal safety codes. All design and construction work shall comply with all applicable statutes, ordinances, regulations, laws and codes, and Landlord's design criteria for Tenant's Work previously delivered to Tenant. Notwithstanding anything herein to the contrary, Tenant shall not commence any work on the Premises at any time during any early occupancy period or the Lease Term, including Tenant's Work, without first complying with Tenant's Alteration Obligations as set forth in Section 8.1 of the Lease, including, without limitation, at least five (5) days prior to entering into contract with any prime contractor intending to perform alterations, and prior to the commencement of any work relating to the Premises, Tenant shall comply with the requirements of NRS 108.2403 and NRS 108.2407 regarding posted security and shall notify Landlord in writing of the name and address of any such prime contractor to enable Landlord to properly serve the recorded Notice of Non-Responsibility upon the prime contractor pursuant to NRS 108.234.

3. All permits, licenses and approvals for Tenant's Work shall be obtained by Tenant or its contractor prior to the commencement of construction and shall be posted in a prominent place within the Premises as required by the agency issuing the permit.

4. Landlord's express written approval shall be obtained by Tenant prior to submitting plans for purposes of obtaining any required governmental permit or approval, and the undertaking of any construction work which materially deviates from Tenant's Drawings and Specifications, as approved by Landlord, or the undertaking of any modifications whatsoever to Landlord's building shell and/or utilities and other work not explicitly shown on said Drawings and Specifications or included as Landlord's Work in this Exhibit "E". Landlord's approval of the foregoing shall not constitute the assumption of any responsibility by Landlord for the accuracy or sufficiency thereof, and Tenant shall be solely responsible therefor.

5. All contractors engaged by Tenant shall be bondable, licensed contractors, possessing good labor relations, capable of performing quality workmanship and working in harmony with Landlord's general contractor and other contractors on the job. All work shall be coordinated with the general project work.

6. Where conflict exists between building codes, utility regulations, statutes, ordinances, other regulatory requirements and Landlord's requirements, as set forth herein, the more stringent of the requirements shall, at Landlord's option, govern.

7. Tenant shall inspect, verify and coordinate all field conditions pertaining to the Premises from time to time prior to the start of its store design work, through its construction, including its fixturing and merchandising. Tenant shall advise Landlord immediately of any material discrepancies with respect to Landlord's drawings. Any material adjustments to the work arising from field conditions, not apparent on Tenant's drawings and other building documents, shall require the express prior written approval of Landlord.

8. Landlord reserves the right to require changes in Tenant's Work when and to the extent necessary by reason of code requirements or building facility necessity, field conditions, or mandatory directives of governmental authorities having jurisdiction over the Premises, or directives of Landlord's insurance underwriters.

B. Public Safety. Tenant shall confine the construction work to within the Premises as much as possible and shall work in an orderly manner removing trash and debris from the project on a daily basis. At no time will pipes, wires, boards or other construction materials cross public areas where harm could be caused to the public. The requirements of "Occupational Safety and Health Administration" (OSHA) prepared by the Department of Labor will govern. If Tenant fails to comply with these requirements, Landlord may cause remedial action as deemed necessary by Landlord to protect the public. All costs of said remedial action shall be charged to Tenant and shall become Tenant's responsibility.

C. Tenant Damage to Construction. Tenant will be required to furnish the necessary ramps, coverings, etc., to protect Landlord's facilities and adjoining premises from damage. All costs to repair damage to Landlord's facilities and to adjoining premises will be at the expense of Tenant. Actual repair work may be accomplished by Landlord at Landlord's option.

D. Turnover of Premises to Tenant by Landlord. Tenant shall be responsible for:

1. HVAC. It shall be the responsibility of Tenant to pay for heating and/or cooling, if used, during the installation of Tenant's Work.

2. Electrical/Water, Etc. Tenant's permanent electric service, where possible, shall be used to provide power for Tenant's Work. Meters shall be installed prior to Tenant's Work, if possible, and Tenant shall pay for service and water and all utilities consumed. Work performed with temporary electric service will be at Tenant's expense.

E. Drawings and Specifications.

1. Within thirty (30) days of the Effective Date of this Lease, Tenant shall prepare and submit to Landlord for approval an interior completion plan, design drawings, working drawings and specifications necessary to complete "Tenant's Work" under this Exhibit "E" ("Drawings and

Specifications"). As soon as practicable after receipt of such Drawings and Specifications, Landlord shall return to Tenant such Drawings and Specifications with its suggested modifications and/or approval. If, upon receipt of Landlord's modified Drawings and Specifications, Tenant wishes to take exception thereto, Tenant may do so within ten (10) days from the date on which Tenant receives Landlord's modified Drawings and Specifications. Unless such action is taken by Tenant, it will be deemed that all modifications made by Landlord on the Drawings and Specifications are acceptable to and adopted by Tenant.

2. If Drawings and Specifications are returned to Tenant with modifications, said Drawings and Specifications shall be revised by Tenant and resubmitted to Landlord for approval within ten (10) days of their receipt by Tenant.

3. Upon Landlord's approval in all respects of all such Drawings and Specifications, Tenant shall cause Tenant's Work to be diligently completed and installed or such installations or alterations to be performed, as the case may be, in accordance with the Drawings and Specifications approved by Landlord, and no material deviation from said Drawings and Specifications shall be made without Landlord's express prior written approval. Tenant shall obtain all necessary permits in connection with the installation of such Tenant improvements and the performance of such work prior to the commencement of any work.

4. If Tenant's Work entails any structural changes to the Premises, Tenant shall submit detailed structural plans, and Landlord's review of such plans shall be at Tenant's expense, provided that such expense shall not exceed One Thousand and 00/100 Dollars (\$1,000.00). Moreover, Tenant shall not be permitted to commence any Tenant's Work until all plans applicable thereto have been approved in writing by Landlord.

5. At any time during the Lease Term, any and all modifications to the Premises by Tenant shall be in compliance with the provisions of Articles 8 and 9 of the Lease (regarding Tenant's improvements and alterations to the Premises and protection against liens), and further, any and all modifications to the Premises requiring alterations to the architectural, mechanical, electrical, fire protection or structural systems will require Tenant to supply detailed Drawings and Specifications and appropriate calculations covering those modifications to Landlord for written approval. Interior painting, wall covering, carpeting and placement of movable trade fixtures are considered normal maintenance items and do not require Landlord approvals, but otherwise meet the requirements of this Exhibit. All other alterations require Landlord's express written approval.

6. Landlord's approval or inspection of any of Tenant's plans, shop drawings, etc., so submitted is made for identification purposes only and neither Landlord, nor its agents, servants or employees shall have any liability in any respect to any inadequacies, deficiencies, errors or omissions or non-complying features contained in any or all of Tenant's preliminary plans or final plans or Landlord's comments in respect to same.

F. Tenant Improvements. All work to be performed by Tenant is herein referred to as "Tenant's Work". Without limiting the generality of the foregoing, the term "Tenant's Work" includes the following:

1. Storefront: Tenant shall furnish and install at its cost all additional storefront construction not provided by Landlord per Exhibit "E" to this Lease including, but not limited to, application of finish and decorating material on the interior side of the "storefront" and the installation of a dock high door for the Premises.

2. Floors: Tenant shall furnish and install all interior floor coverings and finishes and be responsible for preparation of floor surfaces except for the restroom floor. All exposed concrete floors shall have a sealant applied. Carpeting and/or other quality floors, such as glazed or unglazed pavers or wood parquet, shall be used in all public areas except in such instances where other types of floor covering materials are specifically approved by Landlord. Vinyl tile is generally not considered an acceptable finish material in public areas. Additional restroom(s), kitchen(s) and storage areas shall have thresholds at the doors in such a manner as will not permit the passage of water or other liquids to the adjacent tenant space.

3. Walls: Tenant shall furnish and install all partitions and doors other than for restrooms and all interior wall finish materials including, but not limited to, Tenant's sales area, stock area, restroom, fitting rooms, etc. Inasmuch as Landlord's demising walls have not been designed for Tenant's superimposed fixture loads and/or any unusual wall decor, Tenant shall structurally reinforce the existing walls as required and approved by Landlord, to accommodate any additional superimposed loading required by Tenant's design. Any combustible materials applied to the demising partitions shall receive a U.L. labeled fire retardant coating. Tenant spaces with unusual sound and/or odor problems shall have sound and odor absorbent wall installed and in such a manner which will not permit the passage of sound and/or odors through the wall(s) to the adjacent space(s).

4. Ceilings: Tenant shall furnish and install all additional interior ceiling finish materials not provided by Landlord.

5. Utilities: Tenant shall make provision and pay all hook-up fees for separate metering of applicable utilities, all telephone service equipment within the Premises in accordance with local utility requirements. Tenant shall be responsible for speaker wires for any stereo system and/or phone system. Tenant's utility service requirements in excess of that provided by Landlord shall be furnished and installed by Landlord's contractor at Tenant's expense.

6. Special Equipment: Tenant shall provide for Landlord's installation at Tenant's cost any and all additional mechanical equipment, curbs, supports, etc., including, but not limited to, swamp cooler or additional H.V.A.C., additional plumbing, elevators, conveyors, etc., related to the operation of Tenant's business, and located within the Premises. Tenant shall provide fire extinguishers as required by code.

7. Fixtures and Furniture: Tenant shall furnish and install all new furniture, trade fixtures, shelving and other work necessary for its operation within the Premises.

8. Material and Warranties: Tenant shall use only new, first-class materials in the completion of Tenant's Work. All work and equipment shall be warranted for a minimum of one (1) year from installation and shall comply with all applicable codes.

9. Roof Work: Tenant agrees that all venting, opening, sealing, waterproofing or any altering of the roof shall be performed by Landlord's roofing contractor at Tenant's expense and that, when completed, Tenant shall furnish to Landlord a certificate from Landlord's roofing contractor that all such alterations approved by Landlord have been completed in accordance with the plans and specifications therefor approved by Landlord.

10. Kitchen Areas: All kitchen areas shall have installed proper range hoods and insulated exhaust ducts. Waste lines shall have grease interceptors, make-up air system, fire extinguishing system for all cooking exhaust hoods and fire extinguishers. All kitchen exhaust fans shall be of up-blast type.

11. Storefront Sign: In accordance with the Design Guidelines.
12. Other Work: Tenant shall be responsible for all other work that is not listed as "Landlord's Work".

G. Insurance.

Tenant shall secure, pay for and maintain or cause its contractor(s) to secure, pay for and maintain during Tenant's Work construction, fixturing and merchandising of the Premises, including any modification performed by Tenant during the Lease Term, the following insurance in the following amounts, which shall be endorsed in all policies to include Landlord and its beneficiaries, employees and agent as additional named insured parties, and which shall provide in all policies that Landlord shall be given thirty (30) days' prior written notice of any alteration or termination of coverage in the amounts as set forth below, and such insurance as may from time to time be required from city, county, state or federal laws, codes, regulations or authorities, together with such other insurance as is reasonably necessary or appropriate under the circumstances:

1. Tenant and Tenant's general contractor and subcontractor(s) required minimum coverages and limits of liability:

(a) Worker's Compensation as required by state law and Employer's Liability Insurance with limits of not less than Five Hundred Thousand and 00/100 Dollars (\$500,000.00) and any insurance required by any employee benefit acts or other statutes applicable where the work is to be performed as will protect the contractor and subcontractors from any and all liability under the aforementioned acts.

(b) Comprehensive General Liability Insurance (including Contractor's Protective Liability) with a combined single limit (bodily injury and property damage) of not less than Two Million and 00/100 Dollars (\$2,000,000.00) per occurrence and in the aggregate. Such insurance shall provide for explosion, collapse and underground coverage and contractual liability coverage and shall insure the general contractor and/or subcontractors against any and all claims for personal injury, including death resulting therefrom, and damage to the property of others and arising from his operations under the contract, whether such operations are performed by the general contractor, subcontractors or any of their subcontractors, or by anyone directly or indirectly employed by any of them. Such insurance policy shall include (i) a products/completed operations endorsement; (ii) endorsements deleting the employee exclusion on personal injury and the liquor liability exclusion; and (iii) a cross-liability endorsement or a severability of interest clause. Such insurance shall be primary and Landlord's insurance shall be excess insurance only.

(c) Comprehensive Automobile Liability Insurance, including the ownership, maintenance and operation of any automotive equipment, owned, hired and non-owned in an amount not less than Two Million and 00/100 Dollars (\$2,000,000.00) combined single limit (bodily injury and property damage) per occurrence and in the aggregate. Such insurance shall insure the general contractor and/or subcontractors against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from his operations under the contract, whether such operations are performed by the general contractor, subcontractor or any of their subcontractors, or by anyone directly employed by any of them.

(d) Builder's Risk Insurance -- Completed Value Builder's Risk Damage Insurance Coverage. Tenant shall provide an "All Physical Loss" Builder's Risk insurance policy on the work to be

performed for Tenant in the Premises as it relates to the building within which the Premises are located. The policy shall include as insureds Tenant, its contractor and subcontractors, and Landlord, as their respective interests may appear within the Premises and within one hundred feet (100') thereof. The amount of insurance to be provided shall be one hundred percent (100%) replacement cost.

2. All such insurance policies required under this Exhibit, except as noted above, shall include Landlord, Landlord's agents and beneficiaries, Landlord's on-site representatives, Landlord's architect, and Landlord's general contractor, as additional named insureds; except Worker's Compensation Insurance, which shall contain an endorsement waiving all rights of subrogation against Landlord, Landlord's architect and Landlord's general contractor, Landlord's agents and beneficiaries.

3. The insurance required under this Exhibit shall be in addition to any and all insurance required to be provided by Tenant pursuant to the Lease.

H. Trash Removal.

During the construction, fixturing and merchandise stocking of the Premises, Tenant shall provide trash removal at areas designated by Landlord. It shall be the responsibility of Tenant and Tenant's contractors to remove all trash and debris from the Premises on a daily basis and to break down all boxes and place all such trash and debris in the containers supplied for that purpose. If trash and debris are not removed on a daily basis by Tenant or Tenant's contractor, then Landlord shall have the right to remove such trash and debris or have such trash and debris removed at the sole cost and expense of Tenant.

I. At Completion of Tenant's Work.

Tenant will provide Landlord with the following within thirty (30) days following store opening:

1. A Certificate of Occupancy (C of O) prior to opening for business.
2. Unconditional Waivers of Liens and Sworn Statements in such form as may be required by Landlord from all persons performing labor and/or supplying materials in connection with such work showing that all parties have been paid in full.
3. Submission by Tenant to Landlord of detailed breakdown of Tenant's final and total construction costs, together with receipted invoices showing payment thereof.
4. Submission by Tenant to Landlord of warranties for not less than one (1) year against defects in workmanship, materials and equipment as required in this Exhibit.
5. Submission by Tenant of a statement wherein Tenant agrees to indemnify Landlord and Landlord's designated Escrow Agent against any and all liens against the Premises or any claims by any materials suppliers, contractors, or subcontractors.
6. Tenant shall have reimbursed Landlord for the cost of Tenant's Work done for Tenant by Landlord, the cost of temporary power and of trash removal, and all other sums owed by Tenant to Landlord pursuant to the Lease and Exhibits.
7. Tenant shall furnish a copy of the License to do Business.

8. Tenant shall execute an Estoppel Letter which will be prepared by Landlord and approved by Tenant.
9. "As-Built" Drawings of all permanent Tenant Work performed.
10. Recordation of a valid Notice of Completion pursuant to NRS 108.228.

J. Miscellaneous.

1. This Work Letter shall be governed by the laws of the State of Nevada.
2. This Work Letter may not be amended except by a written instrument signed by the party or parties to be bound thereby.
3. Any person signing this Work Letter on behalf of Tenant warrants and represents he/she has authority to sign and deliver this Work Letter and bind Tenant.
4. Notices under this Work Letter shall be given in the same manner as under the Lease.
5. The headings set forth herein are for convenience only.
6. Except as otherwise specifically set forth herein, this Work Letter sets forth the entire agreement of Landlord and Tenant regarding Landlord's Work and Tenant's Work.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Work Letter Agreement is executed as of the _____ day of _____, 20__.

LANDLORD:

MCP CARGO, LLC,
a Nevada limited liability company

y: [/s/ Greg Wells]

Print Name: [Greg Wells]

Print Title: [Manager]

TENANT:

A-M GLOBAL LOGISTICS, LLC,
a Delaware limited liability company

By: [/s/ Brian Aquilino]

Print Name: [Brian Aquilino]

Print Title: [Vice President of Operations]

EXHIBIT "A" TO TENANT'S WORK LETTER**ALLOWANCE CHECKLIST**

	<u>ITEM REQUESTED</u>	<u>ITEM RECEIVED</u>	<u>COMMENTS</u>
1	Copy of Tenant's Certificate of Occupancy (C of O)		
2	Letter requesting payment allowance		
3	Invoices from all Tenant's agents for Labor & Materials		
4	Lien Releases & Unconditional Waivers from all Vendor's & Subcontractors		
5	Certificate of Substantial Completion issued by the Architect		
6	Schedule Landlord Inspection of building systems (no substandard work)		
7	Detailed breakdown of total construction costs provided by Tenant		
8	Receipts for all construction costs - must show payment		
9	1 year (minimum) warranty against defects in workmanship, materials & equipment submitted by tenant		
10	Statement Letter indemnifying Landlord & Landlord's designated Escrow Agent against any and all Liens against the Premises or any claims by any material suppliers, contractors or subcontractors		
11	Tenant reimbursement to Landlord for the cost of work done by Landlord for the Tenant which includes: temporary power, trash removal and all other sums owed by Tenant to Landlord		
12	Furnish copy of Business License		
13	Estoppel Letter prepared by Landlord and filled out by Tenant		
14	As-built Drawings		
15	O & M Manuals		
16	Equipment Warranty		
17	Recorded valid Notice of Completion pursuant to NRS 108.228		

EXHIBIT "F"

GUARANTY OF LEASE

The undersigned ("**Guarantor**"), as a material inducement to and in consideration of the execution by MCP CARGO, LLC, a Nevada limited liability company ("**Landlord**") of that certain Air Cargo Center Lease (the "**Lease**") of even date herewith between Landlord and A-M GLOBAL LOGISTICS, LLC, a Delaware limited liability company ("**Tenant**"), relating to premises that will be located within the Project that is commonly known as the MARNELL PROJECT, in Las Vegas, Nevada, hereby agrees as follows:

1. Guarantor hereby unconditionally guarantees the performance of, and unconditionally promises to perform, all of Tenant's obligations under the Lease and any and all extensions, renewals, and/or modifications thereof, including, but not limited to, the obligation to pay rent thereunder. Guarantor agrees that the guarantee hereunder shall also apply if Tenant, with or without Landlord's consent, assigns its rights under the Lease unless the Tenant is released from liability pursuant to Article 14 of the Lease in which case all of Guarantor's obligations under this Guaranty shall be automatically extinguished upon said release.

2. In such manner, upon such terms and at such times as Landlord shall deem best, and without notice to or the consent of Guarantor, Landlord may alter, compromise, extend, or change the time or manner for the performance of any obligation hereby guaranteed, substitute or add any one or more guarantors, accept additional or substituted security for the performance of any such obligation, or release or subordinate any security therefor, any and all of which may be accomplished without any effect on the obligations of Guarantor hereunder. No exercise or non-exercise by Landlord of any right hereby given, no dealing by Landlord with Tenant, any other guarantor, or other person, and no change, impairment, or suspension of any right or remedy of Landlord shall in any way affect any of Guarantor's obligations hereunder or any security furnished by Guarantor or give Guarantor any recourse against Landlord.

3. Guarantor hereby waives and agrees not to assert or take advantage of the following:

(a) Any right to require Landlord to proceed against Tenant or any other person, to proceed or exhaust any security held by Landlord at any time, or to pursue any other remedy in Landlord's power before proceeding against Guarantor;

(b) Any defense based on the statute of limitations in any action hereunder or in any action for the performance of any obligation hereby guaranteed;

(c) Any defense that may arise by reason of the incapacity, lack of authority, bankruptcy, death or disability of any other person or persons, or the failure of Landlord to file or enforce a claim against the estate (in administration, bankruptcy, or any other proceeding) of any other person or persons;

(d) Any right to receive demands, protests, and notices of any kind including, but not limited to, notice of the existence, creation, or incurring of any new or additional obligation or of any action or non-action on the part of Tenant, Landlord, or any other person;

(e) Any defense based upon an election of remedies including, but not limited to, any action by Landlord that shall destroy or otherwise impair any of Guarantor's subrogation rights or the right of Guarantor to proceed against Tenant for reimbursement, or both;

(f) Any duty on the part of Landlord to disclose to Guarantor any facts that Landlord may now or hereafter know about Tenant, regardless of whether Landlord has reason to believe that such facts materially increase the risk beyond that which Guarantor intends to assume or are unknown to Guarantor, or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and agreed that Guarantor is fully responsible for being and keeping informed of the financial condition of Tenant and of all circumstances bearing on the risk of nonperformance of any obligation hereby guaranteed;

(g) Any right to receive notice of or to consent to any amendments that may hereafter be made to the Lease; and

(h) Any defense based on the fact that Guarantor's obligations hereunder are larger or more burdensome than that of Tenant's under the Lease.

4. Until all obligations hereby guaranteed shall have been fully performed, Guarantor shall have no right of subrogation and waives any right to enforce any remedy which Landlord now has or may hereafter have against Tenant and any benefit of, and any right to participate in, any security now or hereafter held by Landlord.

5. Notwithstanding any other provisions of this Guaranty, Guarantor shall have the right to receive distributions and other transfers of cash or other property from Tenant and to engage in any other consideration, or no consideration, provided, however, from and after the receipt by Guarantor of written notice from Landlord that an Event of Default (as defined in the Lease) has occurred and is continuing, any and all distributions and other transfers of cash or other property received by Guarantor from Tenant for which Guarantor did not provide Tenant equivalent or greater consideration shall be subordinated to all obligations hereby guaranteed, until Tenant or Guarantor shall have cured said Event of Default.

6. All rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor shall be cumulative and not alternative, and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord at law or in equity. This Guaranty of Lease is in addition to and exclusive of the guarantee of any other guarantor of any obligation of Tenant to Landlord.

7. The obligations of Guarantor hereunder are independent of the obligations of Tenant under the Lease, and, in the event of any default hereunder or under the Lease, a separate action or actions may be brought and prosecuted against Guarantor, whether or not Tenant is joined therein or a separate action or actions are brought against Tenant. Landlord may maintain successive actions for other defaults. Landlord's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless all obligations hereby guaranteed shall have been fully performed.

8. Guarantor shall pay to Landlord, without demand, reasonable attorneys' fees and all costs and other expenses that Landlord shall expend or incur in collecting or compromising any obligation hereby guaranteed or in enforcing this Guaranty of Lease against Guarantor, whether or not suit is filed including, but not limited to, attorneys' fees, costs, and other expenses incurred by Landlord in connection with any insolvency, bankruptcy, reorganization, arrangement, or other similar proceeding involving Guarantor that in any way affects the exercise by Landlord of its rights and remedies hereunder.

9. Should any one or more provisions of this Guaranty of Lease be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

10. This Guaranty of Lease shall inure to the benefit of Landlord and its successors and assigns, and shall bind Guarantor's heirs, executors, administrators, successors, and assigns. This Guaranty of Lease may be assigned by Landlord concurrently with the transfer of title to property covered by the Lease, and, when so assigned, Guarantor shall be liable to the assignees without in any manner affecting Guarantor's liability hereunder.

11. Upon full performance of all obligations hereby guaranteed, this Guaranty of Lease shall be of no further force or effect.

12. No provision of this Guaranty of Lease or right of Landlord hereunder can be waived or modified, nor can Guarantor be released from Guarantor's obligations hereunder, except by a writing duly executed by Landlord.

13. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "**person**" as used herein shall include any individual, company, firm, association, partnership, corporation, trust, or other legal entity of any kind whatsoever.

14. If two (2) or more persons are signing this Guaranty of Lease as Guarantor, then all such persons shall be jointly and severally liable for the obligations of Guarantor hereunder.

15. This Guaranty of Lease shall be governed by and construed in accordance with the laws of the State of Nevada. In any action brought under or arising out of this Guaranty of Lease, Guarantor hereby consents to the jurisdiction of any competent court within the State of Nevada and hereby consents to service of process by any means authorized by Nevada law. This Guaranty of Lease shall constitute the entire agreement of Guarantor with respect to the subject matter hereof, and no representation, understanding, promise, or condition concerning the subject matter hereof shall be binding upon Landlord unless expressed herein.

Dated: [November 9th], 20[14]

"GUARANTOR": A-MARK PRECIOUS METALS, INC.,
a Delaware corporation

By: [/s/ Brian Aquilino]

Print Name: [Brian Aquilino]

Print Title: [Vice President of Operations]

EXHIBIT "G"

NOTICE OF NON-RESPONSIBILITY

(see attached)

WHEN RECORDED, MAIL TO:

c/o _____

Attn: _____

The undersigned hereby affirm(s) that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

NOTICE OF NONRESPONSIBILITY

TO WHOM IT MAY CONCERN:

PURSUANT TO Nevada Revised Statute ("NRS") 108.234, NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the owner ("Disinterested Owner") of certain real property situated in Clark County, Nevada, described in **Exhibit "1"** hereto and the improvements thereon (the "Property"). The Disinterested Owner's address is:

222 Via Marnell Way
Las Vegas, NV 89119
Attn: _____

The name and address of the person who may cause the work of improvement to be constructed, altered or repaired is:

Attn: _____

2. As of the ____ day of _____, 20__, the undersigned, as "Landlord" entered into an Air Cargo Center Lease ("Lease") with _____, a _____, as "Tenant", wherein the undersigned leased the Property to Tenant.

3. As of the ____ day of _____, 20__, the undersigned has obtained knowledge that Tenant intends to or may commence construction work on the Property.

4. The undersigned will not be responsible for any work upon the Property resulting from such construction or work performed at the instance or request of Tenant or any materials to be supplied therefor,

nor in any manner be liable for the cost thereof; nor may any interest of the undersigned in the Property be the subject of any mechanics liens or lien therefor.

5. The Disinterested Owner has notified Tenant in writing that Tenant must comply with NRS 108.2403 and 108.2407.

Dated this _____ day of _____, 20__.

Disinterested Owner:

_____,
a Nevada limited liability company

By: _____
Name: _____
Title: _____

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

This instrument was acknowledged before me on _____, 20__, by _____, as _____ of _____, a Nevada limited liability company.

Notary Public
My Commission Expires: _____

Exhibit "1"
to
NOTICE OF NONRESPONSIBILITY
Legal Description of Property

EXHIBIT "H"

INTENTIONALLY OMITTED

EXHIBIT "I"

(see attached)

RIGHT OF FIRST OFFER TO LEASE

THIS RIGHT OF FIRST OFFER TO LEASE is attached to and made a part of that certain lease dated August __, 2014, by and between MCP CARGO, LLC, a Nevada limited liability company, as Landlord, and A-M GLOBAL LOGISTICS, LLC, a Delaware limited liability company, as Tenant (the "Lease"). The terms used in this Right of First Offer to Lease shall have the same definitions as set forth in the Lease. The provisions of this Right of First Offer to Lease shall prevail over any inconsistent or conflicting provisions of the Lease.

R-1. **Right of First Offer to Lease.** During the initial Lease Term, subject and subordinate to the now-existing rights of first offer of any existing tenants of the Project, Tenant shall have a right of first offer to Lease space within the Building that is contiguous to the Premises. The space presently available and contiguous to the Premises is Suite 103, consisting of Three Thousand Five Hundred Eighty Eight (3,588) square feet (the "First Offer Space") as further outlined on Exhibit "A-1" to the Lease. Notwithstanding the foregoing (i) such first offer right of Tenant shall commence only following the expiration or earlier termination of any existing lease pertaining to each such particular First Offer Space, and the first lease pertaining to each such First Offer Space entered into by Landlord after the date of this Lease (collectively, the "Superior Leases"), including any renewal of such existing or future lease, whether or not such renewal is pursuant to an express written provision in such lease, and regardless of whether any such renewal is consummated pursuant to a lease amendment or a new lease, and (ii) such first offer right shall be subordinate and secondary to all rights of expansion, first refusal, first offer or similar rights granted to the tenants of the Superior Leases (the rights described in items (i) and (ii), above to be known collectively as "Superior Rights" and, each individually, a "Superior Right"). Tenant's right of first offer shall be on the terms and conditions set forth in this Right of First Offer to Lease. Tenant's right of first offer shall only be in effect during the initial Lease Term.

R - 2 . **Procedure.** Landlord shall notify Tenant from time to time when Landlord determines that Landlord shall commence the marketing of any First Offer Space because such space shall become available for lease to third parties, where no holder of a Superior Right desires to lease such space. Landlord shall notify Tenant of the availability of and offer to lease to Tenant First Offer Space by delivery to Tenant of a notice (the "First Offer Space Option Notice"), which shall (i) describe the specific First Offer Space, (ii) an initial determination of the amount of the Rent proposed by Landlord for such First Offer Space, (iii) disclose the then existing state of improvements and condition of such space, (iv) set forth the approximate date Tenant would be entitled to take possession of such space. Tenant shall have fifteen (15) days from receipt of the First Offer Space Option Notice to accept or reject the offer for all of such First Offer Space on, and only on, the terms contained in the First Offer Space Option Notice. Tenant may exercise its right only as to all of any First Offer Space offered to Tenant. Any attempt to exercise its offer to less than all of any First Offer Space offered to Tenant shall be null and void. If Tenant accepts the offer, such space shall become part of the Premises and Tenant shall be bound with respect to such space by the terms and conditions of this Lease. If Tenant does not notify Landlord within such fifteen (15) days of Tenant's acceptance of the offer for all of such space, then Landlord shall thereafter have the right to lease such space not taken by Tenant to other persons on such terms and conditions as Landlord may elect.

R-3. **Delivery of Possession.** If Tenant timely exercises Tenant's right to lease the First Offer Space as set forth herein, Landlord and Tenant shall execute an amendment adding such First Offer Space to this Lease upon the same non-economic terms and conditions as applicable to the initial Premises, and the economic terms and conditions as provided in this Right of First Offer to Lease. Thereafter, the total Base Rent payable under this Lease shall be the sum of the Base Rent for all First Offer Space added to the

Premises plus the Base Rent already payable under the Lease. Tenant shall commence payment of Base Rent for the First Offer Space and the Lease Term of the First Offer Space shall commence upon the date of delivery of such space to Tenant. The Lease Term for the First Offer Space shall expire coterminously with Tenant's lease of the initial Premises.

R-4. Tenant shall have the right, upon notice to Landlord, to meet from time to time with representatives of Landlord who are knowledgeable as to the status of the leasing of First Offer Space to discuss the status of the leasing of First Offer Space.

R-5. Tenant shall accept all First Offer Space in its then "as-is" condition as disclosed in the First Offer Space Option Notice and Landlord shall not be required to perform any work or furnish any materials in order to prepare such First Offer Space for Tenant's occupancy. Tenant shall be entitled to construct improvements in the First Offer Space in accordance with the provisions of Section 6.05.

R-6. Intentionally Omitted.

R-7. Termination of Right of First Offer to Lease. The rights set forth in this Right of First Offer to Lease, and Landlord's obligations with respect thereto, shall be personal to the original Tenant and any assignee to which the original Tenant's entire interest in this Lease has been assigned pursuant to the Lease and may only be exercised by the original Tenant or such assignee (but not any subtenant or other person or entity). The right of first offer granted herein shall terminate as to a particular First Offer Space upon the failure by Tenant to exercise its right of first offer with respect to such First Offer Space as offered by Landlord. Tenant shall not have the right to lease First Offer Space if, as of the date of the attempted exercise of any right of first offer by Tenant, or, at Landlord's option, as of the scheduled date of delivery of such First Offer Space to Tenant, Tenant is in default under this Lease after any applicable notice and cure periods.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Right of First Offer to Lease to be executed the day and date first above written.

"TENANT": A-M GLOBAL LOGISTICS, LLC,
a Delaware limited liability company

By: [/s/ Brian Aquilino]

Print Name: [Brian Aquilino]

Print Title: [Vice President of Operations]

"LANDLORD": MCP CARGO, LLC,
a Nevada limited liability company

By: [/s/ Greg Wells]

Print Name: [Greg Wells]

Print Title: [Manager]

EXHIBIT "J"

MASTER LEASE

(see attached)

[Master Lease Agreement Omitted]

Air Cargo Lease A-Mark 2014 Master Lease

FIRST AMENDMENT TO AIR CARGO CENTER LEASE

THIS FIRST AMENDMENT TO AIR CARGO CENTER LEASE (the "First Amendment") is entered into as of the 28th day of August, 2015, by and between MCP CARGO, LLC, a Nevada limited liability company ("Landlord") and A-M GLOBAL LOGISTICS, LLC., a Delaware limited liability company ("Tenant").

RECITALS

A. Landlord and Tenant entered into that certain AIR CARGO CENTER LEASE, dated November 21, 2014 (the "Original Lease") for the leasing of the Premises located in the Marnell Airport Center, on Surrey Street between Patrick Lane and Russell Road, Las Vegas, Nevada 89119, identified as Building 2, 6055 Surrey Street, Suite 105, consisting of Thirteen Thousand Nine Hundred Seventy-Nine (13,979) square feet of floor area.

B. Landlord and Tenant desire to further amend the Lease, on the terms and conditions contained herein, to, among other things, expand the Premises to include the next adjacent suite, to the south of the Premises commonly known as Suite 103 and consisting, in the aggregate, of Three Thousand Five Hundred Eighty-Eight (3,588) square feet of floor area ("Expansion Space/New Premises").

AGREEMENT

NOW, THEREFORE, based upon the covenants and promises contained herein and other good and valuable consideration, Landlord and Tenant mutually agree as follows:

1. **EXPANSION SPACE/NEW PREMISES.** Landlord and Tenant desire to expand the Premises to include Expansion Space/New Premises (as defined above) which such Expansion, Tenant shall complete in accordance with the terms and conditions of this First Amendment and Rider No. 1.2 – Work Letter attached hereto and incorporated herein by this reference. A preliminary floor plan of the Premises following the Expansion is attached hereto as **Exhibit "A"** and incorporated herein by this reference. In the event the actual floor plan of the Premises following the Expansion varies from that as set forth on **Exhibit "A"** attached hereto, then Landlord and Tenant shall prepare an accurate floor plan and attach the same hereto as **Exhibit "A-1"**. The estimated delivery date shall be three (3) business days after Lease execution ("Delivery Date").

Notwithstanding any provision to the contrary contained in the Lease or this First Amendment, Section 6 of the Summary of Basic Lease Information for the Lease is hereby deleted in its entirety and the following is substituted in lieu thereof:

"6. Premises (Article 1). The premises shall consist of (a) that certain space in the Building identified as Suite 105 and consisting of Seventeen Thousand Five Hundred Sixty-Seven (17,567) square feet of floor area, and as depicted on Exhibit "A-2" to the Lease (the "Depiction of Premises)."

2. **COMMENCEMENT DATE.** Commencement Date for the Expansion Space/New Premises, shall commence on the earlier of: (i) the date Tenant opens for business in the Expansion Space/New Premise, or (ii) December 1, 2015

3. **LEASE TERM.** Shall be co-terminous with the original Lease commencing on Commencement Date.

4. **EXPANSION SECURITY DEPOSIT.** Notwithstanding anything to the contrary contained in the Lease or this First Amendment, Tenant shall, immediately upon execution of this First Amendment, deposit with Landlord an additional cash security deposit of Five Thousand Three Hundred Eighty-Two and 00/100 Dollars (\$5,382.00), which such amount shall thereupon be added to and become a part of the Security Deposit.

5. **MISCELLANEOUS.** Except as modified herein, the Lease shall remain in full force and effect. All capitalized terms not defined herein shall have the same meaning as defined in the Lease. This First Amendment may be executed in counterparts. Each of said counterparts, when so executed and delivered, shall be deemed an original and, taken together, shall constitute but one and the same instrument. This First Amendment may be executed by a facsimile of the signature of any party, with the facsimile signature having the same force and effect as if this consent had been executed by the actual signature of any party.

IN WITNESS WHEREOF, this First Amendment has been executed on the day and year above written.

LANDLORD:

TENANT:

MCP CARGO, LLC

A-M GLOBAL LOGISTICS, LLC

a Nevada limited liability company

a Delaware limited liability
company

By: /s/ Gregory K. Wells

By: /s/ Thor
Gjerdrum

Print Name: Gregory K. Wells

Print Name: Thor
Gjerdrum

Print Title: Manager

Print Title: EVP/COO

EXHIBIT "A"

**Preliminary Floor Plan of Premises and Expansion
(To Be Attached)**



RIDER NO. 1.2 - WORK LETTER

THIS RIDER NO. 1.2 is attached to and made part of that certain AIR CARGO CENTER LEASE dated as of November 21, 2014, by and between MCP CARGO, LLC, a Nevada limited liability company, as Landlord, and A-M GLOBAL LOGISTICS, LLC, a Delaware limited liability company, as Tenant (as amended, the "Lease"). The terms used in this Rider shall have the same definitions as set forth in the Lease. The provisions of this Rider shall prevail over any inconsistent or conflicting provision of the Lease.

R-1. Expansion. Subject to the terms and conditions of the First Amendment to which this Rider/Work Letter is attached and the terms and conditions hereof, Tenant shall construct the Expansion (as defined in the First Amendment) in accordance with those plans and specifications attached hereto as Schedule 1 and incorporated herein by this reference. In the event that the construction of the Expansion results in Tenant having to bring the Premises into compliance with current building codes and other applicable building requirements, then Tenant shall do such necessary compliance work as part of the Expansion. Tenant hereby approves the plans and specifications attached as Schedule 1.

R-2. Preliminary Plans. If the plans and specifications referenced in Schedule 1 are final plans and specifications, such final plans and specifications are hereinafter referred to as the "Final Plans" and the remainder of this Section R-2 shall be inoperative. If the plans and specifications referenced in Schedule 1 are preliminary plans or in the event that Schedule 1 hereto is blank, Tenant shall prepare final working drawings and outlined specifications for the Expansion and submit such plans and specifications to Landlord for its approval as soon as reasonably possible after execution of the First Amendment. Landlord shall approve or disapprove such drawings and specifications within ten (10) days after receipt from Tenant. Landlord shall have the right to disapprove such drawings and specifications only if they materially differ from the plans and specifications attached hereto. If Landlord disapproves such drawings and specifications, Landlord and Tenant shall promptly meet in an attempt to resolve any dispute regarding such drawings and specifications. Final working drawings and specifications prepared in accordance with this Section R-2 and approved by Landlord and Tenant are hereinafter referred to as the "Final Plans."

R-3. Allowance for Cost of Expansion. None.

R-4. Tenant's Representative. Tenant has designated _____ as its sole representative with respect to the matters set forth in this Rider, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Rider.

R - 5 . Landlord's Representative. Landlord has designated _____ as its sole representative with respect to the matters set forth in this Rider, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Rider.

Subsidiaries of A-Mark Precious Metals, Inc.

Name of Subsidiary	Jurisdiction of Incorporation
Collateral Finance Corporation	Delaware
A-Mark Trading AG	Austria
Transcontinental Depository Services, LLC	Delaware
A-M Global Logistics, LLC	Delaware

Exhibit 31.1

CERTIFICATION

I, Gregory N. Roberts, certify that:

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

Date: September 24, 2015

/s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

Exhibit 31.2
CERTIFICATION

I, Gianluca Marzola, certify that:

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

Date: September 24, 2015

/s/ Gianluca Marzola

Name: Gianluca Marzola

Title: Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with A-Mark Precious Metals, Inc.'s (the "Company") Annual Report on Form 10-K for the year ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: September 24, 2015

/s/ Gregory N. Roberts

Name: Gregory N. Roberts

Title: Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with A-Mark Precious Metals, Inc.'s (the "Company") Annual Report on Form 10-K for the year ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Accounting Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: September 24, 2015

/s/ Gianluca Marzola

Name: Gianluca Marzola

Title: Chief Accounting Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.