

Lappenbusch Richard William
 Form 5
 May 03, 2012

FORM 5

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

OMB APPROVAL

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 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
Lappenbusch Richard William

(Last) (First) (Middle)

1450 SOUTH MIAMI AVENUE

(Street)

MIAMI, FL 33130

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Net Element, Inc. [NETE]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 President, COO

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| | | | | (A) or (D) Price | | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--|------------------------------------|--------------------------------------|--|--------------------------------|--|--|---|
| | | | | | | | |

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| | Derivative Security | | | | Disposed of (D) (Instr. 3, 4, and 5) | | Date Exercisable | Expiration Date | Title | Amount Number Shares |
|-----------------------------|---------------------|------------|---|----|---|-----|------------------|-----------------|--------------|----------------------|
| | | | | | (A) | (D) | | | | |
| Stock Option (Right to Buy) | \$ 0.06 | 07/31/2011 | Â | A4 | 125,000 | Â | 07/31/2011 | 07/31/2016 | Common Stock | 125,000 |
| Stock Option (Right to Buy) | \$ 0.37 | 08/31/2011 | Â | A4 | 13,514 | Â | 08/31/2011 | 08/31/2016 | Common Stock | 13,514 |
| Stock Option (Right to Buy) | \$ 0.15 | 09/30/2011 | Â | A4 | 100,000 | Â | 09/30/2011 | 09/30/2016 | Common Stock | 100,000 |
| Stock Option (Right to Buy) | \$ 0.15 | 10/31/2011 | Â | A4 | 100,000 | Â | 10/31/2011 | 10/31/2016 | Common Stock | 100,000 |
| Stock Option (Right to Buy) | \$ 0.21 | 11/30/2011 | Â | A4 | 71,429 | Â | 11/30/2011 | 11/30/2016 | Common Stock | 71,429 |
| Stock Option (Right to Buy) | \$ 0.6 | 12/31/2011 | Â | A4 | 25,000 | Â | 12/31/2011 | 12/31/2016 | Common Stock | 25,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Lappenbusch Richard William 1450 SOUTH MIAMI AVENUE MIAMI, FL 33130 | Â | Â | Â President, COO | Â |

Signatures

/s/ Richard William Lappenbusch 05/03/2012

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) These stock options were issued to the reporting person in connection with company-wide salary reductions, as consideration for his services to the issuer.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.