

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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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
 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**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

(Last) (First) (Middle)  
 1450 SOUTH MIAMI AVENUE  
 (Street)

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

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

6. Individual or Joint/Group Reporting (check applicable line)

MIAMI, FL 33130

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

(City) (State) (Zip)

**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) (A) or (D) Price	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)
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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 of 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.