

B. Riley Financial, Inc.
Form DEF 14A
April 15, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

B. Riley Financial, Inc.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

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B. RILEY FINANCIAL, INC.

April 17, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 Annual Meeting of B. Riley Financial, Inc., which will be held at The Beverly Hilton Hotel, located at 9876 Wilshire Boulevard, Beverly Hills, CA 90210 on May 21, 2019 at 8:00 am local time. We hope you will be able to attend the meeting in person.

The attached notice of meeting and proxy statement describe the matters to be acted upon at the annual meeting. If you plan to attend the annual meeting in person, please mark the designated box on the enclosed proxy card. If you are planning to attend the annual meeting and your shares are held in street name (by a broker, for example), you should ask the record owner for a legal proxy or bring your most recent account statement to the annual meeting so that we can verify your ownership of B. Riley Financial, Inc. stock. Please note, however, that if your shares are held in street name and you do not bring a legal proxy from the record owner, you will be able to attend the annual meeting, but you will not be able to vote at the annual meeting.

Whether or not you plan to attend the annual meeting personally, and regardless of the number of shares you own, it is important that your shares be represented at the annual meeting. Accordingly, we urge you to promptly complete the enclosed proxy card and return it to the inspector of elections in the postage-prepaid envelope provided, or to promptly use the telephone or Internet voting system. If you do attend the annual meeting and wish to vote in person, you may withdraw your proxy at that time.

Sincerely,

Bryant R. Riley
Chairman and Co-Chief Executive Officer

B. RILEY FINANCIAL, INC.

21255 BURBANK BOULEVARD, SUITE 400

WOODLAND HILLS, CA

(818) 884-3737

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held on May 21, 2019

To the Stockholders of B. Riley Financial, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of B. Riley Financial, Inc. (the “Company”) will be held on May 21, 2019, at 8:00 a.m. local time at The Beverly Hilton Hotel, located at 9876 Wilshire Boulevard, Beverly Hills, CA 90210, for the following purposes:

1. To elect eight (8) directors to hold office for a one-year term to expire at the Company’s 2020 Annual Meeting of Stockholders or until their successors are elected and duly qualified.
2. To ratify the selection of Marcum LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019.
3. To approve, on an advisory basis, the compensation of our named executive officers.
4. To vote, on an advisory basis, on the frequency of holding an advisory vote on the compensation of our named executive officers.

To approve a proposed amendment to the Amended and Restated 2009 Stock Incentive Plan to increase the number of shares of the Company’s common stock reserved for issuance thereunder by 3,000,000 shares, from 3,210,133 shares to 6,210,133 shares.

6. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice.

The Company's Board of Directors has fixed the close of business on March 25, 2019 as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof. All stockholders are invited to attend the meeting. You must present your proxy or voter instruction card or meeting notice for admission.

By Order of the Board of Directors,

Bryant R. Riley
Chairman and Co-Chief Executive Officer

Woodland Hills, California
April 17, 2019

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

B. RILEY FINANCIAL, INC.

21255 BURBANK BOULEVARD, SUITE 400

WOODLAND HILLS, CA

(818) 884-3737

PROXY STATEMENT

2019 ANNUAL MEETING OF STOCKHOLDERS

To be held on May 21, 2019

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	<u>2</u>
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	<u>4</u>
<u>PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTING FIRM</u>	<u>7</u>
<u>PROPOSAL 3: ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION</u>	<u>8</u>
<u>PROPOSAL 4: ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	<u>9</u>
<u>PROPOSAL 5: APPROVAL OF AMENDMENT TO AMENDED AND RESTATED 2009 STOCK INCENTIVE PLAN</u>	<u>10</u>
<u>CORPORATE GOVERNANCE</u>	<u>17</u>
<u>MANAGEMENT AND EXECUTIVE COMPENSATION</u>	<u>23</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>31</u>
<u>DIRECTOR COMPENSATION</u>	<u>39</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>40</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>42</u>

COMPENSATION COMMITTEE REPORT

43

OTHER MATTERS

44

Appendices

Appendix A – Amendment to B. Riley Financial, Inc. Amended and Restated 2009 Stock Incentive Plan

1

B. RILEY FINANCIAL, INC.

21255 BURBANK BOULEVARD, SUITE 400

WOODLAND HILLS, CA

PROXY STATEMENT

For Annual Meeting of Stockholders to be held on May 21, 2019

General

The enclosed proxy is solicited on behalf of our Board of Directors (the “Board” or “Board of Directors”) for use at the Annual Meeting of Stockholders (the “Annual Meeting”) of B. Riley Financial, Inc. to be held on May 21, 2019, at 8:00 a.m. local time or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at The Beverly Hilton Hotel, located at 9876 Wilshire Boulevard, Beverly Hills, CA 90210. We expect to mail this proxy statement to our stockholders on or about April 17, 2019.

All references to “us”, “we”, “our”, “B. Riley” and “the Company” refer to B. Riley Financial, Inc. and its subsidiaries.

Solicitation of Proxies

The Board is soliciting the accompanying proxy. In accordance with unanimous recommendations of our Board, the individuals named in the proxy will vote all shares represented by proxies in the manner designated, or if no designation is made, they will vote the proxies FOR the election of all of the director nominees, FOR proposals 2, 3 and 5, and for “3 Years” on proposal 4. In their discretion, the proxy holders named in the proxy are authorized to vote on any other matters that may properly come before the Annual Meeting and at any continuation, postponement or adjournment of the Annual Meeting. As of the date of this Proxy Statement, the Board does not know of any other items of business that will be presented for consideration at the Annual Meeting other than those described in this proxy statement. The individuals acting as proxies will not vote on a particular matter if the proxy card representing those shares instructs them to abstain from voting on that matter or to the extent a proxy card is marked to show that some of the shares represented by the proxy card are not to be voted.

Shares Outstanding and Required Vote

Only holders of record of shares of our common stock at the close of business on the record date, March 25, 2019, will be entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. At the close of business on March 25, 2019, the Company had 26,573,200 shares of common stock outstanding and entitled to vote held by 173 stockholders of record. Each holder of record of shares of our common stock on the record date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of our outstanding shares of common stock entitled to vote are represented at the meeting, either in person or by proxy. All votes will be tabulated by the inspector of elections appointed for the meeting by the board of directors, who will tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions and broker shares that are voted as to any matter at the meeting will be included in determining if a quorum is present or represented at the Annual Meeting. Any broker holding shares of record for you is not entitled to vote on certain matters unless the broker receives voting instructions from you. Uninstructed shares, or broker non-votes, result when shares are held by a broker who has not received instructions from its customer on such matters and the broker has so notified us on a proxy form in accordance with industry practice or has otherwise advised us that the broker lacks voting authority. The effects of broker non-votes and abstentions on the specific items to be brought before the Annual Meeting are discussed under each item.

How to Vote

You may vote by attending the Annual Meeting and voting in person or you may vote by submitting a proxy. If you hold your shares of common stock in street name you will receive a notice from your broker, bank or other nominee that includes instructions on how to vote your shares. Your broker, bank or other nominee may allow you to deliver your voting instructions via the Internet and may also permit you to submit your voting instructions by telephone.

If you plan to attend the annual meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the Annual Meeting, your vote in person at the Annual Meeting will not be effective unless you present a legal proxy, issued in your name from your broker, bank or other nominee. Even if you plan to attend the Annual Meeting, we encourage you to submit your proxy to vote your shares in advance of the Annual Meeting.

Revocation of Proxies

You are a stockholder of record if at the close of business on the record date your shares were registered directly in your name with Continental Stock Transfer and Trust Company, our transfer agent. If you are a stockholder of record and give a proxy, you may revoke it at any time before its use, either:

- (1) by revoking it in person at the Annual Meeting;
- (2) by writing, delivered to our Corporate Secretary at 21255 Burbank Boulevard, Suite 400, Woodland Hills, California 91367 before the proxy is used; or
- (3) by a later dated proxy card delivered to us at the above noted address before the proxy is used.

Your presence at the meeting will not revoke your proxy, but if you attend the meeting and cast a ballot, your proxy will be revoked as to the matters on which the ballot is cast.

If you hold your shares through a broker, bank, trustee or other nominee, please follow the instructions provided by your broker or other nominee as to how you may change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the Annual Meeting.

Cost and Method of Solicitation

We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to our stockholders. Solicitation of proxies by mail may be supplemented by telephone or personal solicitation by our directors, officers or other regular employees. No additional compensation will be paid to directors, officers or other regular employees for such services. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to such beneficial owners. We may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners.

Stockholder List

A complete list of registered stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose related to the meeting, for ten days prior to the meeting during ordinary business hours at our principal offices located at 21255 Burbank Boulevard, Suite 400, Woodland Hills, California 91367.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2019 ANNUAL

MEETING OF STOCKHOLDERS TO BE HELD ON MAY 21, 2019

Copies of this proxy statement and our 2018 Annual Report to stockholders are also available online at: <http://www.viewproxy.com/brileyfin/2019>.

PROPOSAL NO. 1**ELECTION OF DIRECTORS**

The B. Riley board of directors has nominated each of Robert L. Antin, Robert D'Agostino, Andrew Gumaer, Thomas J. Kelleher, Bryant R. Riley, Michael J. Sheldon, Todd D. Sims and Mikel H. Williams to be elected as a director at the B. Riley annual meeting. If elected, the nominees will serve as directors until B. Riley's annual meeting of stockholders in 2020, or until their respective successors are duly elected and qualified or their earlier death, resignation or removal. If any of the nominees declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although B. Riley knows of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as the B. Riley board of directors may designate. Upon expiration of the term of any director, the successor to such director (or such director, if such director is reelected) will be elected for a one-year term at the next annual meeting of stockholders.

There are no familial relationships between any of B. Riley's directors or B. Riley's executive officers and any other director or executive officer. No arrangement or understanding exists between any nominee and any other person or persons pursuant to whom any nominee was or is to be selected as a director or director nominee of B. Riley.

Information Regarding Directors

The following table provides the name, age and position(s) of each of our directors as of March 31, 2019:

Name	Age	Committees
Bryant R. Riley	52	None.
Thomas J. Kelleher	51	None.
Andrew Gumaer	58	None.
Robert L. Antin	69	Compensation Committee, Corporate Governance Committee*
Robert D'Agostino	52	Audit Committee, Compensation Committee*, Corporate Governance Committee
Michael J. Sheldon	59	Compensation Committee
Todd D. Sims	49	Audit Committee
Mikel H. Williams	62	Audit Committee*, Corporate Governance Committee

*Chairman of the respective committee.

Our Nominees for Director

Bryant R. Riley has served as our Co-Chief Executive Officer since July 2018, Chairman since June 2014, and as a director since August 2009. He previously served as Chief Executive Officer from June 2014 to July 2018, and is currently Executive Officer of B. Riley FBR, Inc. (formerly FBR Capital Markets & Co., LLC). Previously, Mr. Riley served as the Chairman of B. Riley & Co., LLC since founding the stock brokerage firm in 1997 and served as Chief Executive Officer of B. Riley & Co., LLC from 1997 to 2006. Mr. Riley currently serves on the board of directors for Liberty Tax, Inc. (SMY: TAXA) since August 2018. He previously served on the board of Sonim Technologies, Inc. from October 2017 to March 2019. He also served on the board of directors for several private companies. Mr. Riley received his B.S. in Finance from Lehigh University. Mr. Riley's experience and expertise in the investment banking industry provides the Board with valuable insight into the capital markets. Mr. Riley's extensive experience serving on other public company boards is an important resource for the Board.

Thomas J. Kelleher has served as our Co-Chief Executive Officer since July 2018 and as a member of our board since October 2015. He also previously served as President from August 2014 to July 2018. In addition, Mr. Kelleher serves as Executive Officer of B. Riley FBR, Inc. (formerly FBR Capital Markets & Co., LLC) and President of B. Riley Capital Management, LLC. Mr. Kelleher previously served as Chief Executive Officer of B. Riley & Co., LLC, a position he held from 2006 to 2014. From the firm's founding in 1997 to 2006, Mr. Kelleher held several senior management positions with B. Riley & Co., LLC, including Chief Financial Officer and Chief Compliance Officer. Mr. Kelleher served on the board of directors of Special Diversified Opportunities Inc. from October 2015 to June 2017. He received his Bachelor of Science in Mechanical Engineering from Lehigh University. Mr. Kelleher's experience and expertise in the investment banking industry provides the Board with valuable insight into the capital markets. Mr. Kelleher's experience serving on other public company boards is an important resource for the Board.

Andrew Gumaer has served as the Chief Executive Officer of Great American Group, LLC, which we refer to as GAG, LLC, our wholly owned subsidiary, since July 2009 and as a member of the Board since July 2009. Mr. Gumaer also served as our Chief Executive Officer from July 2009 until June 2014, and as our Chairman from March 2012 until June 2014. Prior to July 2009, Mr. Gumaer was a co-founder of GAG, LLC, had served as GAG, LLC's Chief Executive Officer since May 2007 and previously served as GAG, LLC's President from June 2006 to May 2007. Prior to assuming such role, Mr. Gumaer was the President of The Pride Capital Group, LLC, predecessor in interest to GAG, LLC, from 2002 to May 2006. Mr. Gumaer also served as the Senior Vice President of Garcel, Inc. from 1997 to 2002 and as a Senior Vice President with the investment banking firm Drexel Burnham Lambert prior to his service with Garcel, Inc. Mr. Gumaer's in depth knowledge of our business and operations, his experience in the investment banking industry, and leadership as GAG, LLC's Chief Executive Officer and/or President since 2006 positions him well to serve as a member of the Board.

Robert L. Antin has served as a member of the Board since June 2017. Mr. Antin was a co-founder of VCA Inc., a national animal healthcare company that provides veterinary services, diagnostic testing and various medical technology products and related services to the veterinary market and was publicly traded (NASDAQ: WOOF) until the company was privately acquired in September 2017. Mr. Antin has served as a Chief Executive Officer and President at VCA Inc. since its inception in 1986. Mr. Antin also served as the Chairman of the Board of VCA, Inc. from inception through the September 2017 acquisition. Mr. Antin also currently serves on the Board of Directors of Rexford Industrial Realty, Inc. (NYSE: REXR) since July 2013. From September 1983 to 1985, Mr. Antin was President, Chief Executive Officer, a director and co-founder of AlternaCare Corp., a publicly held company that owned, operated and developed freestanding out-patient surgical centers. From July 1978 until September 1983, Mr. Antin was an officer of American Medical International, Inc., an owner and operator of health care facilities. Mr. Antin received his MBA with a certification in hospital and health administration from Cornell University. Mr. Antin's executive leadership experience provides an important resource to the Board.

Robert D'Agostino has served as a member of the Board since October 2015. Mr. D'Agostino has served as President of Q-mation, Inc. since 1999. Q-mation, Inc. is a leading supplier of software solutions targeted at increasing operational efficiencies and asset performance in manufacturing companies. Mr. D'Agostino joined Q-mation, Inc. in 1990 and held various sales, marketing and operations management positions prior to his appointment as President. He previously served on the board of Alliance Semiconductor Corp. from July 2005 to February 2012. Mr. D'Agostino graduated from Lehigh University with a B.S. in Chemical Engineering. Mr. D'Agostino's executive leadership experience provides an important resource to the Board.

Michael J. Sheldon has served as a member of the Board since July 2017. Mr. Sheldon has served as Chairman & CEO of Deutsch North America since January 2017, one of the most awarded creative agencies in the United States. Mr. Sheldon served as President of the Los Angeles office of Deutsch North America from September 1997 to January 2017. Deutsch North America is consistently on the top of the Ad Age A-List, Fast Company's Most Innovative Companies, and the Forbes "Ten Hot Agencies to Consider" with clients such as Hulu, Dr. Pepper, Taco Bell, Nintendo, PNC, Zillow, and Amazon. Mr. Sheldon received a B.A. degree from Michigan State University in Advertising. Mr. Sheldon's entrepreneurial skills and marketing experience provide an important resource to the Board.

Todd D. Sims has served as a member of the Board since October 2016. Since August 2018, Mr. Sims also sits on the board of directors of The Maven, Inc. as a designee of B. Riley Financial, Inc. Since March 2010, Mr. Sims has served as Senior Vice President of Digital Strategy of Anschutz Entertainment Group, Inc., one of the leading sports and entertainment presenters in the world, overseeing business and corporate development for its ticketing business, AXS. Prior to that, Mr. Sims spent more than 15 years building Internet businesses. In the mid 1990's, he served as ESPN's executive producer of NFL.com, NBA.com and NASCAR Online. He also served on the management team of eCompanies, LLC, an incubator which has incubated a number of companies including Jamdat Mobile Inc. (acquired by Electronic Arts Inc.), Business.com Inc. (acquired by R.H. Donnelley Corp.) and Boingo Wireless, Inc. (initial public offering). Mr. Sims serves as an advisor to the L.A. Dodgers Tech Accelerator and is a guest lecturer at the University of Southern California's Marshall School of Business. Mr. Sims' digital experience provides an important resource to the Board.

Mikel H. Williams has served as a member of the Board since October 2015. Mr. Williams has served as the Chief Executive Officer and a director of Targus International LLC, a privately held, leading global supplier of carrying cases and accessories for the mobile lifestyle, since February 2016. Mr. Williams formerly served as the Chief Executive Officer and a director of JPS Industries, Inc., a composite materials manufacturer, from 2013 until its sale in 2015. Prior to that, Mr. Williams was the President, Chief Executive Officer and a director of DDi Corporation (NASDAQ: DDIC), a leading provider of time-critical, technologically advanced electronics manufacturing services, from November 2005 until its sale in May 2012. Mr. Williams has also served in various management positions with several technology related companies in the manufacturing, telecommunications and professional services industries. Mr. Williams also serves on the board of directors of Centrus Energy Corp. (NYSE: LEU and formerly USEC, until its bankruptcy restructuring in 2014) and Iteris, Inc. (NYSE: ITI). Mr. Williams formerly served on the board of Tellabs, Inc. (NASDAQ: TLAB) until it was sold in 2013 and Lightbridge Communications Corp. until it was sold in February 2015. Mr. Williams received his B.S. degree from the University of Maryland in accounting and an M.B.A. from Georgetown University. Mr. Williams's executive leadership experience provides an important resource to the Board.

Vote Required and Board of Directors' Recommendation

Each director nominee shall be elected to the Board if a majority of the votes cast are in favor of such nominee's election; provided, however, that, if the number of nominees for director exceeds the number of directors to be elected, directors shall be elected by a plurality of the votes of the shares represented in person or by proxy and entitled to vote on such election of directors. A nominee will be deemed to receive a majority of the votes cast in favor of such nominee's election if the number of votes cast "for" such nominee's election exceeds the number of votes cast "against" that nominee's election. The persons named in the enclosed proxy will vote the proxies they receive FOR the election of the nominees named above, unless a particular proxy card withholds authorization to do so or provides contrary instructions. "Abstentions" and "broker nonvotes" will not be counted as a vote cast either "for" or "against" a director's election. Each of the nominees has indicated that he is willing and able to serve as a director. If, before the Annual Meeting, any nominee becomes unable to serve, an event that is not anticipated by the Board, the proxies will be voted for the election of whomever the Board may designate.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR

THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR.

PROPOSAL NO. 2**RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTING FIRM**

Our Board has selected Marcum LLP (“Marcum”) as our independent public accounting firm for the fiscal year ending December 31, 2019 and has further directed that management submit the selection of independent public accounting firm for ratification by our stockholders at our Annual Meeting. Marcum has audited our financial statements since the fiscal year ended December 31, 2006. Representatives of Marcum are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Marcum as our independent public accounting firm is not required by our Bylaws or otherwise. However, the Board is submitting the selection of Marcum to the stockholders for ratification as a matter of good corporate practice. If the stockholders do not ratify the selection, the Board and our Audit Committee (“Audit Committee”) will reconsider whether or not to retain Marcum. Even if the selection is ratified, the Board and the Audit Committee may, in their discretion, direct the appointment of a different independent public accounting firm at any time during the year if they determine that such a change would be in our and our stockholders’ best interests.

Audit and All Other Fees

The following table sets forth the aggregate fees for services provided to us by Marcum for the fiscal years ended December 31, 2018 and 2017:

	Fiscal 2018	Fiscal 2017 ⁽³⁾
Audit Fees ⁽¹⁾	\$1,540,509	\$ 1,380,869
Audit-Related Fees ⁽²⁾	70,982	25,019
Tax Fees	-	-
All Other Fees	-	-
TOTAL	\$1,611,491	\$ 1,405,888

Audit Fees consist of audit and various attest services performed by Marcum and include the following for the years ended December 31, 2018 and 2017: (a) reviews of our financial statements for the quarterly periods ended March 31, June 30, and September 30, and (b) the audit of our financial statements for the year ended December 31, and (c) services rendered in connection with the filing of registration statements and underwriter comfort letters.

- (2) Audit-Related Fees consists of fees for assurance and related services performed by Marcum related to the performance of the audit or review of the Company's financial statements other than audit fees.

- (3) \$87,549 of the fees for Fiscal 2017 were previously classified as "Audit-Related Fees" in our 2018 proxy statement, which have subsequently been reclassified as "Audit Fees." The total fees for Fiscal 2017 remain unchanged.

Audit Committee Pre-Approval Policy

As a matter of policy, all audit and non-audit services provided by our independent registered public accounting firm are approved in advance by the Audit Committee, which considers whether the provision of non-audit services is compatible with maintaining such firm's independence. All services provided by Marcum during fiscal years 2017 and 2018 were pre-approved by the Audit Committee. The Audit Committee has considered the role of Marcum in providing services to us for the fiscal year ended December 31, 2018 and has concluded that such services are compatible with their independence as our auditors.

Vote Required and Board of Directors' Recommendation

Approval of this proposal requires the affirmative vote of the holders of a majority in voting power of our common stock present in person or represented by proxy at a meeting at which a quorum is present. Abstentions will be counted as present for purposes of determining the presence of a quorum and will have the same effect as a vote against this proposal. Broker non-votes will not result from the vote on Proposal No. 2.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE SELECTION OF MARCUM LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019.

PROPOSAL NO. 3

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) added Section 14A to Securities Exchange Act of 1934, as amended (the “Exchange Act”), which enables our stockholders to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the Securities and Exchange Commission’s (“SEC”) rules.

Our named executive officer compensation program is designed to attract, motivate and retain our named executive officers, who are critical to our success. Our Compensation Committee (“Compensation Committee”) believes an effective compensation program is one that is designed to recruit and retain executive leadership focused on attaining long-term corporate goals and increasing stockholder value. The Compensation Committee believes that it has taken a responsible approach to compensating our named executive officers.

We urge stockholders to read the “Management and Executive Compensation” section of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narratives, which provide detailed information on the compensation of our named executive officers. The Board and the Compensation Committee believe that the policies and procedures described and explained therein are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement supports and contributes to the Company’s long-term success.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders’ concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Vote Required and Board of Directors' Recommendation

Approval of this proposal requires the affirmative vote of the holders of a majority in voting power of our common stock present in person or represented by proxy at a meeting at which a quorum is present. Abstentions will be counted as present for purposes of determining the presence of a quorum and will have the same effect as a vote against this proposal. Broker non-votes will not result from the vote on Proposal No. 3.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ON AN ADVISORY BASIS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.

PROPOSAL NO. 4

ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act, as added by the Dodd-Frank Act, also enables our stockholders to indicate their preference as to how frequently we should seek an advisory vote on the compensation of our named executive officers. By voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every year, once every two years, or once every three years. Stockholders also may abstain from voting on this proposal.

After careful consideration of this proposal, the Board has determined that an advisory vote on executive compensation that occurs every three years is the most appropriate alternative for the Company, and therefore our Board recommends that you vote for a three-year (3-year) frequency for the advisory vote on executive compensation.

In formulating its recommendation, our Board considered that a triennial vote will allow stockholders to better evaluate our executive compensation program in relation to our short- and long-term company performance. Additionally, a triennial vote will provide us with time to respond to stockholder concerns and implement appropriate revisions.

The proxy card provides stockholders with the opportunity to choose among four options (holding the advisory vote on executive compensation every one, two or three years, or abstain from voting) and, therefore, stockholders will not be voting to approve or disapprove the recommendation of the board of directors. You may cast your vote on your preferred voting frequency by choosing the option of once every year (“1 year”), once every two years (“2 years”), once every three years (“3 years”), or you may abstain from voting.

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be considered the frequency for the advisory vote on executive compensation that is preferred by our stockholders. However, because this vote is advisory and not binding on the Board of Directors or the Company in any way, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option preferred by our stockholders.

Vote Required and Board of Directors' Recommendation

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be considered the frequency for the advisory vote on executive compensation that is preferred by our stockholders. Abstentions and broker non-votes will not be counted in determining which option receives the largest number of votes cast.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR A THREE YEAR
(3-YEAR) FREQUENCY FOR THE STOCKHOLDER ADVISORY VOTE ON COMPENSATION
AWARDED TO OUR NAMED EXECUTIVE OFFICERS.**

PROPOSAL NO. 5

APPROVAL OF AMENDMENT TO AMENDED AND RESTATED 2009 STOCK INCENTIVE PLAN

At the Annual Meeting, our stockholders will be asked to approve an amendment to our Amended and Restated 2009 Stock Incentive Plan (the “2009 Plan” and, as so amended, the “Amended Plan”). The primary purpose of this amendment is to (i) increase the number of shares of common stock reserved for issuance under the 2009 Plan by 3,000,000 shares, so that the total number of shares of the Company’s common stock reserved for issuance under the 2009 Plan will increase from 3,210,133 shares to 6,210,133 shares (excluding 1,747,740 shares of common stock previously available for issuance under the FBR Plan (defined below) that may be issued under the 2009 Plan), and (ii) increase the total number of shares of the Company’s common stock that can be granted as incentive stock options under the 2009 Plan from 3,210,133 shares to 6,210,133 shares. A copy of the amendment is included as Appendix A to this Proxy Statement.

Purposes of the 2009 Plan

The purposes of the 2009 Plan are to (i) enhance the Company’s ability to attract highly qualified personnel; (ii) strengthen its retention capabilities; (iii) enhance the long-term performance and competitiveness of the Company; and (iv) align the interests of Participants (as defined in the 2009 Plan) with those of the Company’s stockholders. The 2009 Plan includes a variety of forms of awards, including stock options, stock appreciation rights, restricted shares, restricted share units, unrestricted shares, deferred share units and performance awards, which allow the Company to adapt its incentive compensation program to meet the needs of the Company.

Background of the 2009 Plan

In connection with (i) the contribution to the Company of all of the membership interests of GAG, LLC by the members of GAG, LLC, and (ii) the merger of Alternative Asset Management Acquisition Corp. (“AAMAC”) with and into its wholly-owned subsidiary, AAMAC Merger Sub, Inc., in each case which occurred on July 31, 2009 (collectively, the “Acquisition”), the Company assumed the 2009 Plan (then entitled the AAMAC 2009 Stock Incentive Plan) which had been approved by the AAMAC stockholders on July 31, 2009. In accordance with Section 13(a) of the 2009 Plan, in connection with the Company’s assumption of the 2009 Plan, the Board adjusted the maximum number of shares of the Company’s common stock that may be delivered under the 2009 Plan to 782,200 shares to account for the two-for-one exchange ratio of the Company’s common stock for AAMAC’s common stock in the Acquisition. On August 19, 2009, the Board approved an amendment and restatement of the 2009 Plan which adjusted the number of shares of the Company’s common stock reserved for issuance thereunder to 391,100 shares. On August

13, 2014, the Board, subject to and contingent upon stockholder approval, approved an amendment and restatement of the 2009 Plan, which, among other things, adjusted the number of shares of the Company's common stock reserved for issuance thereunder to 3,210,133 shares and extended the term of the 2009 Plan until October 7, 2024. The 2009 Plan was then amended on February 11, 2015, to reflect the change of the Company's name from Great American Group, Inc. to B. Riley Financial, Inc., and again on May 4, 2015 to provide the Committee (as defined below) with discretion to make payments in respect of dividends associated with shares of stock underlying certain awards.

In connection with our acquisition of FBR & Co. ("FBR") on June 1, 2017, we assumed the FBR & Co. 2006 Long-Term Incentive Plan (the "FBR Plan"). As of April 5, 2019, 1,747,740 shares available for issuance under the FBR Plan, as well as any additional shares that are subject to any award under the FBR Plan that expires, or is forfeited, cancelled or otherwise terminated without the issuance of some or all of the shares that are subject to the award, may be issued to certain employees of the Company under the 2009 Plan.

On February 27, 2019, the Board approved, subject to stockholder approval, an amendment of the 2009 Plan to increase the number of shares of common stock reserved for issuance under the 2009 Plan by 3,000,000 shares, so that the total number of shares of the Company's common stock reserved for issuance under the 2009 Plan will increase from 3,210,133 shares to 6,210,133 shares. At the Annual Meeting, the stockholders will consider the approval of the Amended Plan.

Purpose of the Amendment of the 2009 Plan

We are asking our stockholders to approve the Amended Plan so that we can continue to use the 2009 Plan to attract and encourage the continued employment and service of, and maximum efforts by employees, consultants and directors by offering those persons an opportunity to acquire or increase a direct proprietary interest in our operations and future success.

Increase in Share Reserve. The increase in the share reserve is being requested to assure that we continue to have a sufficient number of shares available to compensate, reward and provide incentives to current employees, and also to recruit new employees. As of April 5, 2019, a total of 1,624,858 shares of our common stock remain available for issuance under the 2009 Plan, excluding (i) the shares that would be added pursuant to the Amended Plan, (ii) any future shares from cancellations or forfeitures, and (iii) 1,747,740 shares of common stock previously available for issuance under the FBR Plan that may be issued under the 2009 Plan only to individuals who were employees of FBR prior to the closing of our acquisition of FBR, individuals who became employees of the Company after the closing of our acquisition of FBR, or employees of any entity acquired by the Company after our acquisition of FBR, as well as future shares from cancellations or forfeitures of awards granted under the FBR Plan. As of April 5, 2019, restricted stock units for the issuance of a maximum of 831,183 shares of our common stock were outstanding. The additional 3,000,000 shares of our common stock for which stockholder approval is sought represents approximately 11.3% of our 26,525,216 outstanding shares of common stock (measured as of April 5, 2019).

Increase in Incentive Stock Option Limit. The increase in the maximum number of incentive stock options that may be issued under the 2009 Plan is being requested to ensure that, in light of the proposed increase to the share reserve under the 2009 Plan, we have flexibility to issue incentive stock options with respect to a sufficient number of shares to compensate, reward and provide incentives to current employees, and also to recruit new employees.

Our Board believes that the approval of the Amended Plan is in the best interests of our Company and stockholders as the availability of an adequate number of shares reserved for issuance under the 2009 Plan is an important factor in attracting, motivating and retaining qualified individuals essential to our success.

We strongly believe that the approval of the Amended Plan is essential to our continued success. The Board and management believe that equity awards motivate high levels of performance, align the interests of our personnel and stockholders by giving directors, employees and consultants the perspective of an owner with an equity stake in the Company, and provide an effective means of recognizing their contributions to the success of the Company. The Board and management believe that the ability to grant equity awards is a competitive necessity in our industry, and are essential to recruiting and retaining the highly qualified personnel who help the Company meet its goals, as well as rewarding and encouraging current directors, employees and consultants. The Board and management believe that the ability to grant equity awards will be important to the future success of the Company.

A general description of the Amended Plan is set forth below. This description is qualified in its entirety by the terms of the amendment included as Appendix A to this Proxy Statement, and the full text of the 2009 Plan filed as Appendix A to the proxy statement for our 2014 annual stockholder meeting. Capitalized terms used in this summary and not otherwise defined herein will have the meanings ascribed to such terms in the Amended Plan.

Section 162(m) of the Code.

Section 162(m) of the Internal Revenue Code, as amended (the “Code”), generally disallows a tax deduction to a public company for compensation in excess of \$1 million paid in a year to any of the company’s “covered employees” (as defined under Section 162(m)). Certain provisions in the 2009 Plan, and summaries thereof referenced below, refer to the “performance-based compensation” exception under Section 162(m) of the Code. Pursuant to the Tax Cuts and Jobs Act (“TCJA”), this exception was repealed with respect to taxable years beginning after December 31, 2017. However, an award may still be eligible for this exception if, among other requirements, it qualifies as “performance-based compensation” under Section 162(m) of the Code pursuant to the transition relief provided by the TCJA for remuneration provided pursuant to a written binding contract which was in effect on November 2, 2017 and which was not materially modified on or after such date. Accordingly, the provisions in the Amended Plan which refer to the “performance-based compensation” exception under Section 162(m) of the Code will only apply to any award that qualifies as “performance-based compensation” under Section 162(m) of the Code pursuant to such transition relief provision. However, even if an award is intended to qualify as “performance-based compensation” under Section 162(m) of the Code, no assurance can be given that the award will in fact qualify for the Section 162(m) Transition Relief or the “performance-based compensation” exception under Section 162(m) of the Code.

Summary of the 2009 Plan

Shares Subject to the 2009 Plan. The number of shares of the Company’s common stock currently reserved for issuance under the 2009 Plan is 3,210,133 shares. Additionally, to the extent permitted under applicable laws, the maximum number of shares of common stock available for delivery under the 2009 Plan may be increased by the number of shares available for issuance under any shareholder approved plan of an entity that is acquired by us or one of our affiliates, subject to equitable adjustment by the Committee (defined below) to give effect to the acquisition. If the Amended Plan is approved, 6,210,133 shares of our common stock will be reserved for issuance under the Amended Plan (reflecting an increase in the share reserve of 3,000,000 shares), excluding the shares of common stock previously available for issuance under the FBR Plan that may be issued under the 2009 Plan as described above. The number of shares available for Awards, all maximum limits on the number of shares that may be issued, as well as the terms of outstanding Awards, are subject to adjustment as provided in the 2009 Plan for stock splits, stock dividends, recapitalizations and other similar events. Shares of common stock that are subject to any Award that expires, or is forfeited, cancelled or otherwise terminated without the issuance of some or all of the shares that are subject to the Award will again be available for subsequent Awards.

Administration. Either the Board or a committee appointed by the Board administers the 2009 Plan. The Board and any committee exercising discretion under the 2009 Plan from time to time are referred to herein as the “Committee.” Currently, the compensation committee of the Board acts as the Committee for purposes of the 2009 Plan. The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without Cause, and fill vacancies on the Committee. To the extent permitted by law, the Committee may authorize one or more executive officers to make Awards to Eligible Persons other than themselves. With respect to decisions involving an Award intended to satisfy the requirements of Section 162(m) of the Code, the Committee is to consist of two or more directors who are “outside directors” for purposes of that Code section. The Committee may delegate administrative functions to certain directors or employees of the Company or its affiliates.

Subject to the terms of the 2009 Plan, the Committee has express authority to determine the Eligible Persons who will receive Awards, the number of shares of common stock, units or dollars to be covered by each Award, and the terms and conditions of Awards. The Committee has broad discretion to prescribe, amend, and rescind rules relating to the 2009 Plan and its administration, to interpret and construe the terms of the 2009 Plan and the terms of all Award agreements, and to take all actions necessary or advisable to administer the 2009 Plan. Within the limits of the 2009 Plan, the Committee may accelerate the vesting of any Award, allow the exercise of unvested Awards, and may modify, replace, cancel or renew them.

The 2009 Plan provides that the Company and its affiliates will indemnify members of the Committee and their delegates against any claims, liabilities or costs arising from the good faith performance of their duties under the 2009 Plan. The 2009 Plan releases these individuals from liability for good faith actions associated with the 2009 Plan’s administration and interpretation.

Eligibility. The Committee may grant options that are intended to qualify as incentive stock options, or ISOs, only to employees, and may grant all other Awards to Eligible Persons. The 2009 Plan and the discussion below use the term “Participant” to refer to an Eligible Person who has received an Award. The 2009 Plan provides that the maximum number of Shares with respect to which Options, Share Appreciation Rights (“SARs”) and Performance Awards may be granted to any Participant in any calendar year shall be 1,000,000 Shares. As of April 5, 2019, approximately 1,047 employees and 5 non-employee directors, were eligible to participate in the 2009 Plan.

Types of Awards.

Options. Options granted under the 2009 Plan provide Participants with the right to purchase shares of common stock at a predetermined exercise price. The Committee may grant options that are intended to qualify as ISOs or options that are not intended to so qualify, referred to herein as Non-ISOs. The 2009 Plan also provides that ISO treatment may not be available for options that become first exercisable in any calendar year to the extent the value of the underlying shares that are the subject of the option exceed \$100,000 (based upon the fair market value of the shares of

common stock on the option grant date). Currently, the maximum number of shares that may be granted as ISOs under the 2009 Plan is 3,210,133 shares. If the Amended Plan is approved, the maximum number of shares that may be granted as ISOs will be increased to 6,210,133 shares.

SARs. A share appreciation right generally permits a Participant who receives it to receive, upon exercise, cash and/or shares of common stock equal in value to an amount determined by multiplying (i) the excess of the fair market value, on the date of exercise, of the shares of common stock with respect to which the SAR is being exercised, over the exercise price of the SAR for such shares by (ii) the number of shares with respect to which the SARs are being exercised. The Committee may grant SARs in tandem with options or independently of them. SARs that are independent of options may limit the value payable on its exercise to a percentage, not exceeding 100%, of the excess value.

Exercise Price for Options and SARs. The exercise price of ISOs, Non-ISOs, and SARs may not be less than 100% of the fair market value on the grant date of the shares of common stock subject to the Award (110% of fair market value for ISOs granted to employees who, on the grant date, own stock representing more than 10% of the combined voting power of all classes of stock of the Company).

Exercise of Options and SARs. To the extent exercisable in accordance with the agreement granting them, an option or SAR may be exercised in whole or in part, and from time to time during its term, subject to earlier termination relating to a holder's termination of employment or service. With respect to options, the Committee has the discretion to accept payment of the exercise price in any of several forms (or combination of them), including: cash or check in U.S. dollars, certain shares of common stock, and cashless exercise under a program the Committee approves. The term over which Participants may exercise options and SARs may not exceed ten years from the date of grant (five years in the case of ISOs granted to employees who, on the grant date, own more than 10% of the combined voting power of all classes of stock of the Company).

Subject to the terms of the agreement evidencing an option grant, options and SARs may be exercised during the six-month period after the optionee retires, during the one-year period after the optionee's termination of service due to death or permanent disability, and during the 90-day period after the optionee's termination of employment without cause (but in no case later than the termination date of the option). The agreements evidencing the grant of an option may, in the discretion of the Committee, set forth additional or different terms and conditions applicable to such option upon a termination or change in status of the employment or service of the option holder. All SARs may be settled in cash or shares of the Company's stock and shall be counted against the number of shares available for award under the 2009 Plan only to the extent shares are issued upon settlement of the SARs.

Restricted Shares, Restricted Share Units, Unrestricted Shares, and Deferred Share Units. Under the 2009 Plan, the Committee may grant restricted shares that are forfeitable until certain vesting requirements are met, may grant restricted share units which represent the right to receive shares of common stock after certain vesting requirements are met, and may grant unrestricted shares as to which the Participant's interest is immediately vested. For restricted Awards, the 2009 Plan provides the Committee with discretion to determine the terms and conditions under which a Participant's interests in such Awards becomes vested. The 2009 Plan provides for deferred share units in order to permit select Eligible Persons to defer their receipt of compensation payable in cash or shares of common stock (including shares that would otherwise be issued upon the vesting of restricted shares and restricted share units). Deferred share units represent a future right to receive shares of common stock.

Whenever shares of common stock are delivered pursuant to these Awards, the Participant will be entitled to receive additional shares of common stock equal to the sum of (i) any stock dividends that the Company's stockholders received between the grant date of the Award and issuance or release of the shares of common stock and (ii) a number of additional shares of common stock equal to the shares of common stock that the Participant could have purchased at Fair Market Value on the payment date of any cash dividends for shares of common stock if the Participant had received such cash dividends between its grant date and its settlement date.

If provided in an Award Agreement, whenever shares of common stock are delivered pursuant to an RSU Award, the Participant may be entitled to receive with respect to each share of common stock delivered a cash payment equal to any per-share cash dividends that the Company's stockholders received between the grant date of the Award and issuance or release of the shares of common stock. Such payment shall be in lieu of any additional shares of common stock that the Participant may have otherwise been entitled to receive under the 2009 Plan with respect to the cash dividends.

Performance Awards. The 2009 Plan authorizes the Committee to grant performance-based awards in the form of Performance Units that the Committee may or may not designate as "Performance Compensation Awards" that are intended to be exempt from Code section 162(m) limitations. In either case, Performance Awards vest and become payable based upon the achievement, within the specified period of time, of performance objectives applicable to the individual, the Company or any affiliate. Performance Awards are payable in shares of common stock, cash or some combination of the two; provided that that the maximum number of Shares with respect to which Performance Awards

(as well as Options and SARs) may be granted to any Participant in any calendar year shall be 1,000,000 Shares (or, for Performance Units to be settled in cash, \$6,000,000). The Committee decides the length of performance periods, but the periods may not be less than one fiscal year of the Company.

With respect to Performance Compensation Awards, the 2009 Plan requires that the Committee specify in writing within the time required by Code Section 162(m) the performance period to which the Award relates, and an objective formula by which to measure whether and the extent to which the Award is earned on the basis of the level of performance achieved with respect to one or more performance measures. Once established for a performance period, the performance measures and performance formula applicable to the Award may not be amended or modified in a manner that would cause the compensation payable under the Award to fail to constitute performance-based compensation under Code section 162(m).

Under the 2009 Plan, the possible performance measures for Performance Compensation Awards include, but are not limited to: cash flow (before or after dividends); stock price; stockholder return or total stockholder return; return on investment; market capitalization; debt leverage (debt to capital); sales or net sales; income, pre-tax income or net income; operating profit, net operating profit or economic profit; return on operating revenue or return on operating assets; operating ratio; market share improvement; customer service; product line enhancements; working capital; licensing; human resources; sales of assets of Affiliates or business units; earnings per share (including, without limitation, earnings before interest, taxes, depreciation and amortization); return on equity; return on capital (including without limitation return on total capital or return on invested capital); return on assets or net assets; economic value added; revenue; backlog; operating income or pre-tax profit; gross margin, operating margin or profit margin; cash from operations; operating revenue; general and administrative expenses; new production introductions; strategic mergers or acquisitions; research; litigation; and information services. Each measure will be, to the extent applicable, determined in accordance with generally accepted accounting principles as consistently applied by the Company (or such other standard applied by the Committee) and, if so determined by the Committee, and in the case of a Performance Compensation Award, to the extent permitted under Code section 162(m), adjusted to omit the effects of extraordinary items, gain or loss on the disposal of a business segment, unusual or infrequently occurring events and transactions and cumulative effects of changes in accounting principles. Performance measures may vary from performance period to performance period, and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative.

Forfeiture. Unless otherwise provided in an agreement granting an Award, the Company has the following recourse against a Participant who does not comply with certain employment-related covenants, either during or after employment: the Company may terminate any outstanding, unexercised, unexpired, unpaid, or deferred Awards, rescind any exercise, payment or delivery pursuant to the Award, or recapture any common stock (whether restricted or unrestricted) or proceeds from the Participant's sale of shares issued pursuant to the Award. Essentially the same recoupment rights are available to the Company with respect to Awards that are granted, vested, or settled during certain periods affected by a Participant's fraud or misconduct, or a financial restatement.

Income Tax Withholding. As a condition for the issuance of shares pursuant to Awards, the 2009 Plan requires satisfaction of any applicable federal, state, local, or foreign withholding tax obligations that may arise in connection with the award or the issuance of shares.

Transferability. Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of other than by will or the laws of descent and distribution, except to the extent the Committee permits lifetime transfers in the form of Non-ISOs, Share-settled SARs, Restricted Shares, or Performance Shares to charitable institutions, certain family members or related trusts, or as otherwise approved by the Committee.

Certain Corporate Transactions. The Committee shall equitably adjust the number of shares covered by each outstanding Award, and the number of shares that have been authorized for issuance under the 2009 Plan but as to which no Awards have yet been granted or that have been returned to the 2009 Plan upon cancellation, forfeiture or expiration of an Award, as well as the price per share covered by each such outstanding Award, to reflect any increase or decrease in the number of issued shares resulting from a stock split, reverse stock split, stock dividend, combination, recapitalization or reclassification of the shares, or any other increase or decrease in the number of issued shares effected without receipt of consideration by the Company. In the event of any such transaction or event, the Committee may provide in substitution for any or all outstanding Options under the 2009 Plan such alternative consideration (including securities of any surviving entity) as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of all Options so replaced. In any case, such substitution of securities will not require the consent of any person who is granted options pursuant to the 2009 Plan.

In addition, in the event of a Change in Control (as defined in the 2009 Plan) but subject to the terms of any Award agreements or any employment or other similar agreement between the Company or any of its affiliates and a Participant then in effect, each outstanding Award shall be assumed or a substantially equivalent award shall be substituted by the surviving or successor corporation or a parent or subsidiary of such surviving or successor corporation upon the consummation of the transaction; provided, however, that to the extent outstanding Awards are neither being assumed nor replaced with substantially equivalent Awards by the successor corporation, the Committee may in its sole and absolute discretion and authority, without obtaining the approval or consent of the Company's stockholders or any Participant with respect to his or her outstanding Awards, take one or more of the following actions: (a) accelerate the vesting of Awards for any period so that Awards shall vest (and, to the extent applicable, become exercisable) as to the shares of common stock that otherwise would have been unvested and provide that

repurchase rights of the Company with respect to shares of common stock issued pursuant to an Award shall lapse as to the shares of common stock subject to such repurchase right; (b) arrange or otherwise provide for payment of cash or other consideration to Participants in exchange for the satisfaction and cancellation of outstanding Awards; or (c) terminate all or some Awards upon the consummation of the transaction, provided that the Committee shall provide for vesting of such Awards in full as of a date immediately prior to consummation of the Change of Control. To the extent that an Award is not exercised prior to consummation of a transaction in which the Award is not being assumed or substituted, such Award shall terminate upon such consummation.

Notwithstanding the above, in the event a Participant holding an Award assumed or substituted by the successor corporation in a Change in Control is Involuntarily Terminated (as defined in the 2009 Plan) by the successor corporation in connection with, or within 12 months (or other period either set forth in an Award Agreement, or as increased thereafter by the Committee to a period longer than 12 months) following consummation of, the Change in Control, then any assumed or substituted Award held by the terminated Participant at the time of termination shall accelerate and become fully vested (and exercisable in full in the case of Options and SARs), and any repurchase right applicable to any shares of common stock shall lapse in full. The acceleration of vesting and lapse of repurchase rights provided for in the previous sentence shall occur immediately prior to the effective date of the Participant's termination.

In the event of any distribution to the Company's stockholders of securities of any other entity or other assets (other than dividends payable in cash or stock of the Company) without receipt of consideration by the Company, the Committee may, in its discretion, appropriately adjust the price per share covered by each outstanding Award to reflect the effect of such distribution. Finally, if the Company dissolves or liquidates, all Awards will terminate immediately prior to such dissolution or liquidation, subject to the ability of the Board to exercise any discretion that the Board may exercise in the case of a Change in Control.

Term of the 2009 Plan; Amendments or Termination. The term of the 2009 Plan is ten years from October 7, 2014, the date the amendment and restatement of the 2019 Plan was approved by our board of directors and the stockholders. The Board may from time to time, amend, alter, suspend, discontinue or terminate the 2009 Plan; provided that no amendment, suspension or termination of the 2009 Plan shall materially and adversely affect Awards already granted. Furthermore, neither the Company nor the Committee shall, without stockholder approval, allow for a repricing within the meaning of the federal securities laws applicable to proxy statement disclosures. In addition, the Committee may not cancel an outstanding Option whose exercise price is greater than Fair Market Value at the time of cancellation for the purpose of reissuing the Option to the participant at a lower exercise price or granting a replacement award of a different type. Notwithstanding the foregoing, the Committee may amend the 2009 Plan to comply with changes in tax or securities laws or regulations, or in the interpretation thereof.

Expected Tax Consequences

The following is a brief summary as of this date of certain federal income tax consequences of certain transactions under the 2009 Plan. This summary is not intended to be complete and does not describe state or local tax consequences. The federal tax laws may change and the federal, state and local tax consequences for any Participant will depend upon his or her individual circumstances. Tax consequences for any particular individual may be different.

U.S. Federal Income Tax Consequences

The material federal income tax consequences of the issuance and exercise of stock options and other awards under the Plan, based on the current provisions of the Code and regulations, are as follows. Changes to these laws could alter the tax consequences described below. This summary assumes that all awards granted under the Plan are exempt from or comply with, the rules under Section 409A of the Code related to nonqualified deferred compensation.

Non-ISOs. A Participant will not recognize income at the time a Non-ISO is granted. At the time a Non-ISO is exercised, the Participant will recognize ordinary income in an amount equal to the excess of (a) the fair market value of the shares of common stock issued to the Participant on the exercise date, over (b) the exercise price paid for the shares. At the time of sale of shares acquired pursuant to the exercise of a Non-ISO, the appreciation (or depreciation) in value of the shares after the date of exercise will be treated either as short-term or long-term capital gain (or loss) depending on how long the shares have been held. A Non-ISO can also be considered non-qualified deferred compensation and subject to Section 409A of the Code. A Non-ISO that does not meet the requirements of Section 409A of the Code can result in the acceleration of income recognition, an additional 20% tax obligation plus penalties and interest.

ISOs. A Participant will not recognize income upon the grant of an ISO. There are generally no tax consequences to the Participant upon exercise of an ISO (except the amount by which the fair market value of the shares at the time of exercise exceeds the option exercise price is a tax preference item possibly giving rise to an alternative minimum tax). If the shares of common stock are not disposed of within two years from the date the ISO was granted or within one year after the ISO was exercised, any gain realized upon the subsequent disposition of the shares will be characterized as long-term capital gain and any loss will be characterized as long-term capital loss. If both of these holding period requirements are not met, then a “disqualifying disposition” occurs and (a) the Participant recognizes ordinary income gain in the amount by which the fair market value of the shares at the time of exercise exceeded the exercise price for the ISO and (b) any remaining amount realized on disposition (except for certain “wash” sales, gifts or sales to related persons) will be characterized as capital gain or loss.

Share Appreciation Rights. A Participant to whom a SAR is granted will not recognize income at the time of grant of the SAR. Upon exercise of a SAR, the Participant must recognize taxable compensation income in an amount equal to the value of any cash or shares of common stock that the Participant receives. A SAR can also be considered non-qualified deferred compensation and subject to Section 409A of the Code. A SAR that does not meet the requirements of Section 409A of the Code can result in the acceleration of income recognition, an additional 20% tax obligation plus penalties and interest.

Restricted Shares, Restricted Share Units, Defined Share Units, and Performance Awards. In general, a Participant will not recognize income at the time of grant of restricted shares, restricted share units, defined share units or Performance Awards, unless the Participant elects with respect to restricted shares to accelerate income taxation to the date of the Award. In this event, a Participant would recognize ordinary income equal to the excess of the market value of the restricted shares over any amount the Participant pays for them (in which case subsequent gain or loss would be capital in nature). In the absence of an election to accelerate income taxation to the date of an Award, a Participant must recognize taxable compensation income equal to the value of any cash or shares of common stock that the Participant receives when the Award vests. The same tax consequences apply to Performance Awards. Restricted share units can also be considered non-qualified deferred compensation and subject to Section 409A of the Code. A grant of restricted stock units that does not meet the requirements of Section 409A of the Code can result in the acceleration of income recognition, an additional 20% tax obligation plus penalties and interest.

Unrestricted Shares. A Participant will recognize income at the time of grant of unrestricted shares, in an amount equal to the excess of the market value of the unrestricted shares over any amount the Participant pays for them (in which case subsequent gain or loss would be capital in nature).

Special Tax Provisions. The Company may not be able to deduct the aggregate compensation in excess of \$1,000,000 attributable to Awards that are not “performance-based” within the meaning of Code section 162(m) in certain circumstances. The 2009 Plan is not qualified under the provisions of Section 401(a) of the Code and is not subject to any provisions of the Employee Retirement Income Security Act of 1974.

Income Taxes and Deferred Compensation. The 2009 Plan provides that participants are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards (including any taxes arising under Section 409A of the Code), and that the Company will not have any obligation to indemnify or otherwise hold any Participant harmless from any or all of such taxes. Nevertheless, the 2009 Plan authorizes the Committee to organize any deferral program, to require deferral election forms, and to grant or to unilaterally modify any Award in a manner that (i) conforms with the requirements of Section 409A of the Code, (ii) that voids any Participant election to the extent it would violate Section 409A of the Code, and (iii) for any distribution election that would violate Section 409A of the Code, to make distributions pursuant to the Award at the earliest to occur of a distribution event that is allowable under Section 409A of the Code or any distribution event that is both allowable under Section 409A of the Code and is elected by the Participant, with the Committee's consent, in accordance with Section 409A.

General Tax Law Considerations

The preceding paragraphs are intended to be merely a summary of certain important tax law consequences concerning a grant of options under the 2009 Plan and the disposition of shares issued thereunder in existence as of the date of this Proxy Statement. Special rules may apply to the Company's officers, directors or greater than ten percent stockholders. Participants in the 2009 Plan should review the current tax treatment with their individual tax advisors at the time of grant, exercise or any other transaction relating to an Award or the underlying shares.

Plan Benefits

Generally, awards granted under the Amended Plan are at the discretion of the Committee. As such, with the exception of grants that have already been made, it is not possible to determine the benefits or the amounts to be received under the Amended Plan by the Company's officers, employees, consultants or non-employee directors because the Amended Plan does not provide for set benefits or amounts with respect to awards granted under the Amended Plan, and we have not approved any awards that are conditioned on stockholder approval of this Proposal 5. Similarly, the benefits or amounts which would have been received by or allocated to executive officers and our other employees for the last completed fiscal year if the Amended Plan had been in effect cannot be determined. For information regarding awards made to our named executive officers under the 2009 Plan outstanding as of December 31, 2018, see "Outstanding Equity Awards at 2018 Fiscal Year End." For information regarding awards made to our directors under the 2009 Plan outstanding as of December 31, 2018, and for a description of our compensation program for directors, see "Director Compensation."

As of April 5, 2019, 831,183 options, warrants or rights granted under the 2009 Plan were issued and outstanding to our directors, executive officers and employees under the 2009 Plan, as shown below.

Name and Position	Awards No.	Dollar Value (\$)
Named Executive Officers		
Bryant R. Riley, Chairman and Co-Chief Executive Officer	79,308	1,364,098
Thomas J. Kelleher, Co-Chief Executive Officer	49,568	852,570
Phillip J. Ahn, Chief Financial Officer and Chief Operating Officer	37,654	647,649
Andrew Gumaer, Chief Executive Officer of GAG, LLC	44,568	766,570
Kenneth Young, President and Chief Executive Officer of B. Riley Principal Investments, LLC	34,627	595,584
Andrew Moore, Chief Executive Officer of B. Riley FBR, Inc.	33,636	578,539
All current executive officers as a group	325,282	5,594,850
All current directors who are not executive officers as a group	11,310	194,532
Each director nominee	n/a	-
Each associate of all directors, nominees and executive officers	27,792	478,022
Each person who received 5% of such awards	n/a	-
All employees who are not executive officers as a group ⁽¹⁾	466,799	8,028,943

⁽¹⁾ The “associate”, as defined above, can also be categorized as an “employee who is not an executive officer”, however their shares are excluded from this total since the shares are already included in the associate category above.

Vote Required and Board of Directors’ Recommendation

Approval of this proposal requires the affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote on the proposal. Abstentions and broker non-votes will not affect the outcome of the vote on this proposal.

The Board of Directors recommends that you vote “FOR” approval of the amendment of the amended and restated 2009 stock incentive Plan.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board of Directors has adopted corporate governance guidelines to assist it in the exercise of its responsibilities and to serve the interests of the Company and our stockholders. The corporate governance guidelines are available for review on our website at <http://ir.brileyfin.com/corporate-governance>.

Director Independence

Our Board has unanimously determined that five (5) of our directors, Messrs. Antin, D'Agostino, Sheldon, Sims, and Williams, a majority of the Board, are "independent" directors as that term is defined by Nasdaq Marketplace Rule 5605(a)(2). In addition, based upon such standards, the Board determined that Messrs. Riley, Gumaer, and Kelleher are not "independent" because of their service as employees of the company.

Nominations for Directors

Our Corporate Governance Committee ("Corporate Governance Committee") evaluates and recommends to the Board of Directors director nominees for each election of directors. In fulfilling its responsibilities, the Corporate Governance Committee considers the following factors: (i) demonstrated personal integrity and moral character; (ii) willingness to apply sound and independent business judgment for the long-term interests of the stockholders; (iii) relevant business or professional experience, technical expertise or specialized skills; (iv) personality traits and background that appear to fit with those of the other directors to produce a collegial and cooperative Board responsive to the Company's needs; and (v) ability to commit sufficient time to effectively carry out the substantial duties of a director. The Corporate Governance Committee and the Board will not consider as a director candidate anyone who is an officer, director or principal of an enterprise which is in substantial competition with the Company. Other than the foregoing factors, there are no stated minimum criteria for director nominees. However, the Corporate Governance Committee may also consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Corporate Governance Committee does, however, recognize that under applicable regulatory requirements at least one member of the Board must, and believes that it is preferable that more than one member of the Board should, meet the criteria for an "audit committee financial expert" as defined by SEC rules. Further, although the Company does not have a formal diversity policy, the Corporate Governance Committee seeks to nominate a board of directors that brings to the Company a variety of perspectives, skills, expertise, and sound business understanding and judgment, derived from business, professional, governmental, finance, community and industry experience.

The Corporate Governance Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors up for re-election at an upcoming annual meeting of stockholders does not wish to continue in service, the Corporate Governance Committee identifies the desired skills and experience of a new nominee in light of the criteria above. If the Corporate Governance Committee believes that the Board of Directors requires additional candidates for nomination, the committee may explore alternative sources for identifying additional candidates. This may include engaging, as appropriate, a third-party search firm to assist in identifying qualified candidates.

The Corporate Governance Committee reviews all nominees, including those recommended by stockholders, for nomination by the Board in accordance with the above requirements and qualifications to determine whether they possess attributes the Corporate Governance Committee believes would be most beneficial to the Company. The Corporate Governance Committee will select qualified candidates and make its recommendations to the Board, which will formally decide whether to nominate the recommended candidates for election to the Board. Stockholders may recommend nominees for consideration by the Corporate Governance Committee by submitting the names and the following supporting information to the Company's Secretary: Corporate Secretary, Stockholder Nominations, B. Riley Financial, Inc., 21255 Burbank Blvd., Suite 400, Woodland Hills, California 91367. The submissions should include a current resume of the candidate and statement describing the candidate's qualifications and contact information for personal and professional references. The submission should also include the name and address of the stockholder who is submitting the nominee, the number of shares which are owned of record or beneficially by the submitting stockholder and a description of all arrangements or understandings between the submitting stockholder and the candidate.

Our Bylaws provide that any stockholder who is entitled to vote at the annual meeting of our stockholders and who complies with the notice requirements described below may nominate persons for election to the Board of Directors. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 60 days or more than 90 days prior to the first anniversary of the date on which we first mailed our proxy materials (or, in the absence of proxy materials, our notice of meeting) for the previous year's annual meeting of stockholders. However, if our annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder to be timely must be delivered to our corporate secretary at our principal executive offices not earlier than the close of business the 90th day prior to such annual meeting and not later than the later of (i) the 60th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made.

The stockholder's notice relating to director nomination(s) shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of our capital stock which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Exchange Act; (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder, (ii) the class and number of shares of our capital stock which are beneficially owned by the stockholder, (iii) a representation that the stockholder is a holder of record of our capital stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination and (iv) a representation whether the stockholder or beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of our outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such nomination. These notice requirements are deemed satisfied if the stockholder notifies us that he or she intends to present a nomination at the annual meeting in compliance with SEC rules and such stockholder's nomination has been included in a proxy statement that has been prepared by us.

Stockholder Communications with Directors

Stockholders may communicate with the Board of Directors by sending a letter to the Corporate Secretary, Stockholder Communications of B. Riley Financial, Inc., 21255 Burbank Blvd., Suite 400, Woodland Hills, California 91367. Each communication must set forth the name and address of the stockholder on whose behalf the communication is sent and should indicate in the address whether the communication is intended for the entire Board, the non-management directors as a group or an individual director. Each communication will be screened by the Secretary or his designee to determine whether it is appropriate for presentation to the Board or such director(s). Examples of inappropriate communications include junk mail, spam, mass mailings, resumes, job inquiries, surveys, business solicitations and advertisements, as well as unduly hostile, threatening, illegal, unsuitable, frivolous, patently offensive or otherwise inappropriate material. Communications determined to be appropriate for presentation to the Board or the director(s) to whom it is addressed will be submitted to the Board or such director on a periodic basis. Any communications that concern complaints regarding accounting, internal controls or auditing matters will be handled in accordance with procedures adopted by the Audit Committee.

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics is available for review on our website at <http://ir.brileyfin.com/corporate-governance>, and is also available in print, without charge, to any stockholder who requests a copy by writing to us at B. Riley Financial, Inc., 21255 Burbank Boulevard, Suite 400, Woodland Hills, California 91367, Attention: Investor Relations. Each of our directors, employees and officers, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, and all of our other principal executive officers, are required to comply with the Code of Business Conduct and Ethics. There have not been any waivers of the Code of Business Conduct and Ethics relating to any of our executive officers or directors in the past year.

Meetings and Committees of the Board

Our Board is responsible for overseeing the management of our business. We keep our directors informed of our business at meetings and through reports and analyses presented to the Board and the committees of the Board. Regular communications between our directors and management also occur apart from meetings of the Board and committees of the Board.

Meeting Attendance

Our Board normally meets quarterly but may hold additional meetings as required. During fiscal year 2018, the Board held four regularly scheduled meetings. Each of our directors attended at least 75% of the Board meetings he was eligible to attend, and each director attended at least 75% of the meetings of each committee of the Board on which he was serving. We do not have a policy requiring that directors attend our annual meeting of stockholders. All our directors attended our 2018 annual meeting of stockholders.

Committees of the Board of Directors

Our Board currently has three standing committees to facilitate and assist the Board in the execution of its responsibilities: the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

Audit Committee

Our Audit Committee is composed of Messrs. Mikel H. Williams (Chairperson), Todd D. Sims and Robert D'Agostino. Our Board has affirmatively determined that each member of the Audit Committee during 2018 was, and each current member is, independent under Nasdaq Marketplace Rule 5605(a)(2), and meets all other qualifications under Nasdaq Marketplace Rule 5605(c) and the applicable rules of the SEC. Our Board has also affirmatively determined that Mikel H. Williams qualifies as an "audit committee financial expert" as such term is defined in Regulation S-K under the Securities Act of 1933. During 2018, the Audit Committee held four meetings. The Audit Committee acts pursuant to a written charter, which is available for review on our website at <http://ir.brileyfin.com/corporate-governance>. The responsibilities of the Audit Committee include overseeing, reviewing and evaluating our financial statements, accounting and financial reporting processes, internal control functions and the audits of our financial statements. The Audit Committee is also responsible for the appointment, compensation, retention, and as necessary, the termination of our independent auditors.

Compensation Committee

Our Compensation Committee is composed of Messrs. Robert D'Agostino (Chairperson), Robert L. Antin and Michael J. Sheldon. The Board has affirmatively determined that each member of the Compensation Committee during 2018 was, and each current member is, independent as such term is defined under Nasdaq Marketplace Rule 5605(a)(2) and the applicable rules of the SEC. During 2018, the Compensation Committee held three meetings. The Board has adopted a charter for the Compensation Committee (the "Compensation Committee Charter"), which is available for review on our website at <http://ir.brileyfin.com/corporate-governance>. The Compensation Committee reviews and makes recommendations to the Board concerning the compensation and benefits of our executive officers, including the chief executive officer, and directors, oversees the administration of our stock incentive and employee benefits plans and reviews general policies relating to compensation and benefits.

Corporate Governance Committee

Our Corporate Governance Committee is composed of Messrs. Robert L Antin (Chairperson), Robert D'Agostino and Mikel H. Williams. The Board has affirmatively determined that each member of the Corporate Governance Committee during 2018 was, and each current member is, independent as such term is defined under Nasdaq Marketplace Rule 5605(a)(2). The Corporate Governance Committee evaluates and recommends to the Board nominees for each election of directors. During 2018, the Corporate Governance Committee did not hold any meetings, but acted two times by written consent. The Board has adopted a charter for the Corporate Governance Committee (the "Corporate Governance Committee Charter"), and a copy of that charter is available for review on our website at <http://ir.brileyfin.com/corporate-governance>. The responsibilities of the Corporate Governance Committee include making recommendations to the Board with respect to the nominations or elections of directors and providing oversight of our corporate governance policies and practices.

Board Leadership Structure

Pursuant to our Corporate Governance Guidelines and Bylaws, the Board may, but is not required to, select a Chairman of the Board on an annual basis. In addition, the positions of Chairman of the Board and Co-Chief Executive Officer may be filled by one individual or two different individuals. Mr. Riley, our Co-Chief Executive Officer, currently serves as Chairman of our Board.

The Board has determined that its current structure, with a combined Chairman and Co-Chief Executive Officer and independent directors as members of each Board committee, is in the best interests of our company and our stockholders. The Board believes that combining the Chairman and Co-Chief Executive Officer positions is currently the most effective leadership structure for our company given Mr. Riley's in-depth knowledge of many of the businesses and industries in which we operate, his ability to formulate and implement strategic initiatives, and his extensive contact with and knowledge of certain of our customers. In addition, as a member of our Board of Directors since 2009, Executive Officer of B. Riley FBR, Inc. (formerly FBR Capital Markets & Co., LLC), Chairman of B. Riley & Co., LLC since founding the stock brokerage firm in 1997 and Chief Executive Officer of B. Riley & Co., LLC from 1997 to 2006, Mr. Riley provides important continuity in the operation of our business and its oversight by our Board. His knowledge and experience, as well as his role as our Co-Chief Executive Officer, provide that he is in a position to elevate the most critical business issues for consideration by our independent directors.

We believe that the independent nature of the Board committees, as well as the practice of our independent directors regularly meeting in executive session without Mr. Riley, Mr. Gumaer, Mr. Kelleher or other members of our management present, ensures that our Board maintains a level of independent oversight of management that we believe is appropriate for our company. We do not have a lead independent director; however, pursuant to our Corporate Governance Guidelines, the Board may at any time decide to appoint a Presiding Director to provide leadership of executive sessions of the Board and consult with the Chairman with respect to matters to be brought before the Board, should it believe that such an appointment would be beneficial to the company and its stockholders.

Board Role in Risk Management

The Board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board committees. These committees then provide reports to the full Board. The oversight responsibility of the Board and its committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment, and management of critical risks and management’s risk mitigation strategies. These areas of focus include strategic, operational, financial and reporting, succession and compensation, and other risks. The Board and its committees oversee risks associated with their respective areas of responsibility, as summarized below. Each committee meets in executive session with key management personnel and representatives of outside advisors as required.

Board/Committee	Primary Areas of Risk Oversight
Full Board	Risks and exposures associated with our business strategy and other current matters that may present material risk to our financial performance, operations, prospects or reputation.
Audit Committee	Overall risk management profile and policies with respect to risk assessment and risk management, material pending legal proceedings involving the Company, other contingent liabilities, as well as other risks and exposures that may have a material impact on our financial statements.
Compensation Committee	Risks and exposures associated with management succession planning and executive compensation programs and arrangements, including incentive plans.
Corporate Governance Committee	Risks and exposures associated with director succession planning, corporate governance, and overall board effectiveness.

Certain Relationships and Related Party Transactions

Other than as described below, since the beginning of fiscal year 2018, there were no transactions to which we were or are a party or currently proposed transactions which we are to be a party in which the amount involved exceeds \$120,000 and in which any director, executive officer or beneficial holder of more than 5% of any class of our voting securities or member of such person's immediate family had or will have a direct or indirect material interest.

John Ahn, President of our subsidiary Great American Capital Partners, LLC, is the brother of Phillip J. Ahn, one of our executive officers. Mr. J. Ahn was also President of B. Riley & Co, LLC until September 2016. Mr. J. Ahn's total compensation, consisting of base salary, bonus, commissions, dividend equivalent payment, and restricted stock units granted in fiscal year 2018 for services rendered to us was \$1,386,276, including the receipt of a restricted stock unit grant of 15,000 of our common shares with a grant date fair value of \$311,250, calculated in accordance with the Financial Accounting Standards Board ("FASB") ASC 718, that vests as follows: 5,000 of such restricted stock units vest one-third on each of May 24, 2019, May 22, 2020, and May 24, 2021, subject to the individual's Continuous Service (as defined in our Amended and Restated 2009 Stock Incentive Plan) through the applicable vesting date. Additionally, Mr. J. Ahn is entitled to receive promptly following each vesting date an amount equal to the product of (i) the number of RSUs vested on such vesting date, multiplied by (ii) the total dividends declared and paid per share of common stock since the date of award. Mr. J. Ahn participates in various of our employee benefit programs, including health insurance benefits, life insurance benefits, and group life and long-term disability coverage, under the plans generally available to all other salaried employees.

Transfer Agreement, Line of Credit, and Security Agreement

On February 1, 2019, we entered into a Transfer Agreement (the "Transfer Agreement") with GACP II, LP ("GACP II"), a fund managed by Great American Capital Partners, LLC, our indirect wholly owned subsidiary ("GACP"), and John Ahn, the President of GACP. The Transfer Agreement provides for, among other things, the transfer to Mr. J. Ahn of our entire limited partnership interest in GACP II (the "Transferred Interest"), which represents a capital commitment in the aggregate amount of \$5.0 million. In connection with the Transfer Agreement, we provided Mr. J. Ahn with a non-recourse, secured line of credit in the aggregate amount of up to \$5,003,000, pursuant to the terms of a Secured Line of Credit Promissory Note (the "Note") dated February 1, 2019, to fund the purchase price of the Transferred Interest. We also entered into a Security Agreement with Mr. J. Ahn on February 1, 2019, which granted to us a security interest in the Transferred Interest to secure Mr. J. Ahn's obligations under the Note.

Separation Agreement

Effective November 2, 2018, Gary Wunderlich resigned from his positions as Chief Executive Officer of Wunderlich Investment Company, Inc., our subsidiary, and as a director of the Company. In connection with his resignation, we entered into a Separation Agreement (the “Separation Agreement”) with Mr. Wunderlich. The Separation Agreement provides for, among other things, the payment to Mr. Wunderlich of a severance package, including (i) a one-time payment of \$1,000,000 within 60 days following the agreement date, (ii) payments equal to one and one-half of Mr. Wunderlich’s annual salary and average annual incentive payments in the aggregate amount of \$1,274,813 to be paid over a period of 24 months, (iii) accelerated vesting of 65,395 restricted stock units (RSUs), (iv) a payment of \$54,278 within 60 days of the agreement date representing accrued dividends on RSUs, and (v) COBRA payments for a period of up to 24 months following the termination date. Also, pursuant to the Separation Agreement, Mr. Wunderlich provided a general release of claims against the Company and its affiliates.

B&W Agreements

On April 5, 2019, our subsidiary, B. Riley FBR, Inc. (“FBR”), agreed to provide Babcock & Wilcox, Inc., a Delaware corporation (“B&W”), with (i) \$150.0 million in additional commitments under Tranche A-3 of last out term loans and (ii) an incremental uncommitted facility of up to \$15.0 million pursuant to Amendment No. 16 (the “Amendment”), to B&W’s Credit Agreement, dated May 11, 2015 (as amended to date, the “Credit Agreement”), with Bank of America, N.A., as administrative agent and lender, and the other lenders party thereto. FBR, together with Vintage Capital Management, LLC (“Vintage Capital”), is a lender with respect to B&W’s last out term loans under the Credit Agreement. Kenneth Young, our President, is the Chief Executive Officer of B&W and may be deemed to have an indirect interest in the transaction.

On April 5, 2018, in connection with the Tranche A-3 last out term loans, B&W, FBR and Vintage Capital entered into a letter agreement (the “Letter Agreement”), pursuant to which the parties agreed to use their reasonable best efforts to effect a series of equitization transactions for a portion of the last out term loans extended under the Credit Agreement, subject to, among other things, approval by B&W’s shareholders. These transactions (the “Equitization Transactions”) consist of: (i) a \$50.0 million rights offering (the “Rights Offering”) allowing B&W’s shareholders to subscribe for shares of B&W’s Common Stock at a price of \$0.30 per share (the “Subscription Price”), the proceeds of which will be used to prepay a portion of the last out term loans under the Credit Agreement, (ii) the exchange of Tranche A-1 last out term loans under the Credit Agreement for shares of B&W’s Common Stock at a price per share equal to the Subscription Price (the “Debt Exchange”), and (iii) the issuance to FBR or its designees of an aggregate of 16,667,667 warrants, each to purchase one share of B&W’s Common Stock at an exercise price of \$0.01 per share (the “Warrant Issuance”). FBR will use its reasonable best efforts to act as a backstop for the Rights Offering to the extent the Rights Offering is not fully subscribed, by exchanging last out term loans that it holds for any unsubscribed shares in the offering at a price per share equal to the Subscription Price (the “Backstop Commitment”).

The parties to the Letter Agreement also agreed to negotiate one or more additional agreements that will provide FBR and Vintage Capital with certain governance rights, including the right to nominate individuals to serve on B&W's board of directors (the "B&W Board"), subject to certain continued lending and equity ownership thresholds and (ii) pre-emptive rights permitting FBR to participate in future issuances of B&W's equity securities. The size of the B&W Board will remain at seven directors.

B&W has committed, subject to shareholder approval and in consultation with FBR and Vintage Capital, to establish an equity pool of 16,666,666 shares of B&W's Common Stock for issuance to B&W's management, upon such terms (including any vesting period or performance targets), in such amounts and forms of awards as the Compensation Committee of the B&W Board determines. The issuance of any shares of B&W's Common Stock (or other securities) in connection with the Equitization Transactions is subject to the receipt of all required shareholder approvals, and no shares of B&W's Common Stock (or other securities) will be issued before such approvals have been obtained.

Escrow Agreement

On July 31, 2009, Andrew Gumaer and the other individual who was then a member of GAG, LLC, contributed all of their membership interests of GAG, LLC to us, which we refer to as the contribution, in exchange for our common shares and subordinated unsecured promissory notes issued in favor of Mr. Gumaer, the other member and the phantom equityholders of GAG, LLC. Concurrently with the contribution, Alternative Asset Management Acquisition Corp., which we refer to as AAMAC, merged with and into AAMAC Merger Sub, Inc., our subsidiary, which transaction, together with the contribution, we refer to as the AAMAC acquisition.

In connection with the consummation of the AAMAC acquisition, we entered into an escrow agreement, dated as of July 31, 2009, which we refer to as the escrow agreement, with AAMAC, GAG, LLC, Andrew Gumaer, as representative of the members and phantom equityholders of GAG, LLC, and Continental Stock Transfer & Trust Company, as escrow agent, to provide a fund (a) to secure the indemnification obligations of GAG, LLC to AAMAC against losses that we, as the surviving entity of the AAMAC acquisition, may sustain as a result of (i) the inaccuracy or breach of any representation or warranty made by GAG, LLC in the acquisition agreement relating to the AAMAC acquisition or any schedule or certificate delivered by GAG, LLC in connection with such agreement and (ii) the non-fulfillment or breach of any covenant or agreement made by GAG, LLC in such agreement, (b) to offset against any working capital shortfall pursuant to the acquisition agreement relating to the AAMAC acquisition or (c) to offset against any inventory amount shortfall. Pursuant to the escrow agreement, among other things, Mr. Gumaer and as the other member of GAG, LLC placed in escrow an aggregate of 66,000 of our common shares, which we refer to as the escrowed indemnification shares.

In August 2018, the shares held in escrow issued to the former members of Great American Group, LLC were released and 21,233 of the 66,000 shares held in escrow were cancelled to satisfy the resolution of escrow claims. The

shares that remain in escrow are subject to forfeiture upon the final settlement of claims as more fully described in the related escrow instructions. The shares that remain in escrow are also subject to release if the conditions for the final settlement of claims in accordance with the escrow instructions are satisfied at the end of the respective periods.

Procedures for Approval of Related Party Transactions

Under its charter, the Audit Committee is charged with reviewing all potential related party transactions. Our policy has been that the Audit Committee, which is comprised solely of independent, disinterested directors, reviews and then recommends such related party transactions to the entire Board for further review and approval. All such related party transactions are then required to be reported under applicable SEC rules. Aside from this policy, we have not adopted additional procedures for review of, or standards for approval of, related party transactions, but instead review such transactions on a case-by-case basis.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us and written representations from such reporting persons, we believe that all filing requirements applicable to our executive officers, directors and more than 10% stockholders were met in a timely manner, except that (i) Form 4s with respect to restricted stock units awarded to directors Robert Antin, Robert D'Agostino, Todd Sims, Michael Sheldon and Mikel Williams on August 21, 2018 were filed on September 18, 2018; and (ii) a Form 4 with respect to an acquisition of common stock by Todd Sims on August 9, 2018 was filed on March 18, 2019.

MANAGEMENT AND EXECUTIVE COMPENSATION

Executive officers are elected by our Board and serve at its discretion. There are no family relationships between any director or executive officer and any other directors or executive officers. Set forth below is information regarding our executive officers as of March 31, 2019.

Name	Position	Age
Bryant R. Riley	Chairman and Co-Chief Executive Officer	52
Thomas J. Kelleher	Co-Chief Executive Officer	51
Kenneth Young	President and Chief Executive Officer of B. Riley Principal Investments, LLC	55
Phillip J. Ahn	Chief Financial Officer and Chief Operating Officer	49
Andrew Gumaer	Chief Executive Officer of GAG, LLC	58
Alan N. Forman	Executive Vice President, General Counsel and Secretary	58
Howard Weitzman	Senior Vice President, Chief Accounting Officer	57
Andrew Moore	Chief Executive Officer of B. Riley FBR, Inc.	42

Messrs. Riley, Kelleher and Gumaer's biographical information is included with those of the other members of our Board.

Kenneth Young has served as President of B. Riley Financial, Inc. since July 2018, Chief Executive Officer of B. Riley Principal Investments, LLC since October 2016 and Chief Executive Officer of B. Riley Principal Merger Co., LLC since October 2018. Additionally, Mr. Young currently serves as Chief Executive Officer at Babcock & Wilcox (NYSE:BW) since November 2018. Previously, Mr. Young served as a director of the Company from May 2015 to October 2016, during which he was chair of the Board's audit committee and on the Board's compensation and governance committees. From August 2008 to March 2016, Mr. Young served as the President and Chief Executive Officer of Lightbridge Communications Corporation ("LCC"). Prior to joining LCC in 2006, Mr. Young served as Chief Operating Officer for Liberty Media's Connectid mobile application subsidiary, as well as Senior Vice President and Chief Marketing Officer of Liberty Media's TruePosition Inc. Mr. Young also serves or has served as a member of various public and private company board(s) of directors. Mr. Young holds a Master's in Business Administration from the University of Southern Illinois and a Bachelor of Science in Computer Sciences from Graceland University.

Phillip J. Ahn has served as our Chief Financial Officer and Chief Operating Officer since April 2013 and previously served as our Senior Vice President, Strategy and Corporate Development from February 2010 to April 2013. Prior to joining B. Riley, Mr. Ahn served as Vice President of Altpoint Capital Partners from June 2009 to February 2010 and as Vice President of Stone Tower Equity Partners from June 2007 to June 2009. Prior to 2007, Mr. Ahn served as Senior Investment Officer at the NY State Common Retirement Fund and also held investment banking positions at both Salomon Smith Barney and CIBC World Markets. Prior to starting his investment banking career, Mr. Ahn was a research analyst at Standard & Poor's J.J. Kenny division. Mr. Ahn received his Bachelor of Arts in Economics from

the University of Michigan in 1992 and his MBA in Finance from Columbia University in 1997, graduating with Beta Gamma Sigma honors. Mr. Ahn is a CFA charterholder and member of the CFA Society New York.

Alan N. Forman has served as our Executive Vice President, General Counsel and Secretary since May 2015. Prior to joining us, Mr. Forman served as Senior Vice President and General Counsel of STR Holdings, Inc. from April 2012 until May 2015, and as Vice President and General Counsel from May 2010 to April 2012. Mr. Forman was also a partner at Brown Rudnick LLP from May 1998 to May 2010. Mr. Forman brings extensive experience in corporate and securities law including intellectual property, licensing agreements, financing transactions, corporate governance, and mergers and acquisitions. Mr. Forman holds a B.A. in Economics from Emory University and a J.D. from the George Washington University Law School.

Howard Weitzman has served as our Senior Vice President, Chief Accounting Officer since December 2009. Prior to December 2009, Mr. Weitzman served as a Senior Manager in the SEC Services Group in the audit practice at Moss Adams, LLP and also worked twelve years in public accounting at two “Big 4” accounting firms, most recently as a Senior Manager in the financial services audit practice of Deloitte & Touche, LLP. Mr. Weitzman also held various senior financial management positions, with Banner Holdings, Inc. as the Chief Financial Officer of Central Financial Acceptance Corporation and Controller and Principal Accounting Officer of Central Rents, Inc. Mr. Weitzman also served as a Senior Vice President and Chief Financial Officer of Peoples Choice Financial Corporation. Mr. Weitzman received a B.S. in Accounting from California State University, Northridge and is a California licensed Certified Public Accountant.

Andrew Moore was appointed Chief Executive Officer of B. Riley FBR, Inc. on July 10, 2018, prior to which he served as President of B. Riley FBR, Inc. from 2016 to 2018. In 2006, Mr. Moore joined B. Riley & Co., LLC as an institutional sales professional, promoted to Director of Sales in 2011. During his tenure at B. Riley FBR, Inc., Mr. Moore’s responsibilities have included raising capital for a broad range of small-cap companies, introducing and marketing management teams to a diverse group of hedge and mutual funds, and making investment recommendations to an institutional client base. Previously, Mr. Moore held sales positions at Roth Capital Partners and Bear Stearns & Co. Mr. Moore received a Bachelor of Science in Business Administration from the University of Kansas and a Master’s in Business Administration in Finance from the University of Southern California, Marshall School of Business.

Summary Compensation Table

The following table shows information concerning the annual compensation for services provided to us by our named executive officers during fiscal 2018, 2017 and 2016.⁽¹⁾

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ^{(2) (3)}	Stock Awards (\$) ⁽⁴⁾	Non-Equity Incentive Plan Compensation (\$) ⁽⁵⁾	All Other Compensation (\$) ⁽⁶⁾	Total (\$)
Bryant R. Riley Chairman and Co-Chief Executive Officer	2018	600,000	-	830,000	1,223,266	6,839	2,660,105
	2017	363,462	224,384	600,005	1,086,963	-	2,274,814
	2016	300,000	500,000	388,057	600,000	-	1,788,057
Thomas J. Kelleher Co-Chief Executive Officer	2018	545,769	-	518,750	1,223,266	8,399	2,296,184
	2017	399,807	95,044	437,911	702,843	-	1,635,605
	2016	372,926	-	242,537	745,852	-	1,361,315
Phillip J. Ahn Chief Financial Officer and Chief Operating Officer	2018	412,500	-	373,500	543,674	7,545	1,337,219
	2017	347,115	56,096	300,003	583,739	-	1,286,953
	2016	325,000	-	194,033			