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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report:**

**October 5, 2018**

**Algodon Group, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**

State of  
Incorporation

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**0-55209**

Commission  
File Number

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**52-2158952**

IRS Employer  
Identification No.

**135 Fifth Ave., 10th Floor  
New York, NY 10010**  
Address of principal executive offices

**212-739-7650**

Telephone number, including  
Area code

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Former name or former address if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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### **Item 3.02. Unregistered Sales of Equity Securities**

As of December 19, 2018, Algodon Group, Inc.'s wholly-owned subsidiary, Gaucho Group, Inc. ("Gaucho Group"), has sold convertible promissory notes in the amount of \$1,500,000 to accredited investors, of which a note for \$7,300 was purchased by Scott L. Mathis, CEO and Director of Gaucho Group, and Chairman, President, CEO and Director of Algodon Group, Inc. ("Algodon"). The maturity date of the notes is December 31, 2018, and at the option of the holder, the principal amount of the note plus accrued interest can be converted into Gaucho Group common stock at a 20% discount to the share price in a future offering of common stock by Gaucho Group. No general solicitation was used, no commissions were paid, and Gaucho Group relied on the exemption from registration available under Section 4(a) (2) and Rule 506(b) of Regulation D of the Securities Act of 1933, as amended, in connection with the sales. A Form D was filed with the Securities and Exchange Commission on September 18, 2018, an amended Form D was filed on November 20, 2018, and another amended Form D was filed on December 10, 2018.

### **Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On October 5, 2018, Algodon, as the sole stockholder of Gaucho Group, and the Board of Directors of Gaucho Group approved the 2018 Equity Incentive Plan (the "2018 Plan"). Algodon and the Board of Directors of Gaucho adopted the 2018 Plan to promote long-term retention of key employees of Gaucho Group and others who contribute to the growth of Gaucho Group.

Up to 8,000,000 shares of Gaucho Group's common stock is made available for grants of equity incentive awards under the 2018 Plan. Authorized shares under the 2018 Plan may be subject to adjustment upon determination by the committee in the event of a corporate transaction including but not limited to a stock split, recapitalization, reorganization, or merger.

The 2018 Plan includes two types of options, stock appreciation rights, restricted stock and restricted stock units, performance awards and other stock-based awards. Options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended are referred to as incentive options. Options which are not intended to qualify as incentive options are referred to as non-qualified options.

To date, options to purchase 6,495,000 shares of common stock of the Company have been granted under the 2018 Plan.

The 2018 Plan is administered and interpreted by Gaucho Group's compensation committee, or the entire Board of Directors. In addition to determining who will be granted options or other awards under the 2018 Plan and what type of awards will be granted, the committee has the authority and discretion to determine when awards will be granted and the number of awards to be granted. The committee also may determine the terms and conditions of the awards; amend the terms and conditions of the awards; how the awards may be exercised whether in cash or securities or other property; establish, amend, suspend, or waive applicable rules and regulations and appoint agents to administer the 2018 Plan; take any action for administration of the 2018 Plan; and adopt modifications to comply with laws of non-U.S. jurisdictions.

Participants in the 2018 Plan consist of eligible persons, who are employees, officers, consultants, advisors, independent contractors, or directors providing services to Gaucho Group or any affiliate of Gaucho Group as determined by the committee. The committee may take into account the duties of persons selected, their present and potential contributions to the success of Gaucho Group and such other considerations as the committee deems relevant to the purposes of the 2018 Plan.

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The exercise price of any option granted under the 2018 Plan must be no less than 100% of the “fair market value” of the Company’s common stock on the date of grant. Any incentive stock option granted under the 2018 Plan to a person owning more than 10% of the total combined voting power of the common stock must be at a price of no less than 110% of the fair market value per share on the date of grant.

Awards remain exercisable for a period of six months (but no longer than the original term of the award) after a participant ceases to be an employee or the consulting services are terminated due to death or disability. All restricted stock held by the participant becomes free of all restrictions, and any payment or benefit under a performance award is forfeited and cancelled at time of termination unless the participant is irrevocably entitled to such award at the time of termination, where termination results from death or disability. Termination of service as a result of anything other than death or disability results in the award remaining exercisable for a period of one month (but no longer than the original term of the award) after termination and any payment or benefit under a performance award is forfeited and cancelled at time of termination unless the participant is irrevocably entitled to such award at the time of termination. All restricted stock held by the participant becomes free of all restrictions unless the participant voluntarily resigns or is terminated for cause, in which event the restricted stock is transferred back to Gaucho Group.

The committee may amend, alter, suspend, discontinue or terminate the 2018 Plan at any time; *provided, however*, that, without the approval of the stockholders of Gaucho Group, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval: (i) violates the rules or regulations of any securities exchange that are applicable to the Company; (ii) causes the Company to be unable, under the Internal Revenue Code, to grant incentive stock options under the 2018 Plan; (iii) increases the number of shares authorized under the 2018 Plan; or (iv) permits the award of options or stock appreciation rights at a price less than 100% of the fair market value of a share on the date of grant of such award, as prohibited by the 2018 Plan or the repricing of options or stock appreciation rights, as prohibited by the 2018 Plan.

Also on October 5, 2018, the Board of Directors of Gaucho Group declared a forward stock split of its common stock to all holders of record as of the same date at a rate of 200,000 shares for each one (1) share of common stock of Gaucho Group. After the stock split, Algodon owns 20,000,000 common shares as the sole stockholder of Gaucho Group.

On November 16, 2018, the sole director of the Board of Directors of Gaucho Group, Scott L. Mathis, appointed Peter Lawrence and Steven Moel as members of the Board of Directors of Gaucho Group.

On December 18, 2018, the Board of Directors of Gaucho Group granted options to purchase common stock of Gaucho Group to certain employees, consultants, officers, and directors of Gaucho Group at an exercise price of \$0.1375 per share, of which an option to purchase 4,500,000 shares of common stock was granted to the CEO, an option for 200,000 shares was granted to the CFO, and two options, each for 50,000 shares was granted to two members of the Board of Directors of Gaucho Group. After one year from the date of grant, 25% of the options vest, with the remaining 75% vesting in equal quarterly installments thereafter. The options expire on December 18, 2023.

#### **Item 8.01. Other Events.**

In 2017, Algodon issued shares of its Series B preferred stock. The Certificate of Designation governing such shares generally provides that Series B stockholders will be paid an 8% annual dividend, on a quarterly basis, “when, as and if declared by the Board of Directors of Algodon, out of assets which are legally available for the payment of such dividends.”

Dividends on such shares were paid, either in cash or common shares at the stockholder’s discretion, for the second, third, and fourth quarters of 2017 and the first quarter of 2018. However, the Board of Directors of Algodon has not declared the Series B dividend for the second and third quarters of 2018, and it is not presently expected that it will do for the fourth quarter of 2018.

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The decision to not declare and pay such dividends at this time (they do continue to accrue to holders of record of the Series B shares) results from Algodon's desire to preserve cash on hand in light of the economic difficulties currently facing Argentina, difficulties that are having a negative impact on the Company's various businesses. More specifically, beginning in May 2018, Argentina's currency began a steep slide in its value, so that the exchange rate of the Argentine peso dropped from 15 pesos to the U.S. dollar, to 41 pesos to the U.S. dollar. At the same, the local inflation rate reached upwards of 40% annually. Global headlines suggested Argentina might again default on its debt. This negative news led to a sharp drop in global investor confidence in Argentina, with local businesses and consumer confidence adversely affected as well. During this time, the Merval (the most important index of the Buenos Aires Stock Exchange) fell by more than 50%, as measured in U.S. dollars.

Not surprisingly, these macro-economic developments have been having a negative impact on the Company. For example, potential purchasers of parcels or lots at Algodon Wine Estates have been restrained, our overall business operations has failed to reach expectations, and overall it has been more difficult to raise additional funds from investors. While international lenders such as the International Monetary Fund and the International Development Bank have reached agreements to provide significant financing to help stabilize the economic situation in Argentina, the Company has concluded that it must still tread cautiously and manage its available cash resources prudently. For this reason, the decisions were made to not declare any additional cash dividends at this time.

On December 19, 2018, Algodon sent a letter from its chief executive officer and president, Scott Mathis, to its business associates, stockholders, and to Gaucho Group's noteholders. The letter is set forth in Exhibit 99.1 hereto.

#### **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

99.1 [Stockholder letter issued by Algodon Group, Inc.](#)

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 19th day of December 2018.

**Algodon Group, Inc.**

By: /s/ Scott L. Mathis

Scott L. Mathis, President & CEO

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# ALGODON GROUP



**GAUCHO**  
— BUENOS AIRES —



Dear Gaucho Group Noteholders and Algodon Group Stockholders,

Happy Holidays to all! We wanted to bring you up to date on the exciting developments at Gaucho Group, Inc. ("Gaucho"), a wholly-owned subsidiary of Algodon Group, Inc. ("Algodon"). Our Algodon stockholders will also soon receive a second letter about our businesses at Algodon Mansion, Algodon Wine Estates and our burgeoning wine business. The formation and development of Gaucho adds another dimension to the Algodon portfolio

– an exciting new business that leverages our experience in and knowledge of Argentina to create what we hope will become a worldwide luxury product company, as described below. Job one is to grow our company to increase stockholder value.

With Gaucho, we believe we have identified a formula that has the potential for significant scale in terms of revenues and profitability. In fact, we believe our soon-to-launch e-commerce-driven, high-end fashion and leather accessories brand called *Gaucho - Buenos Aires* offers the potential for immediate revenues and growth/scale on a global basis.

We are excited to share with you that we have successfully completed the \$1.5 million offering of convertible notes for Gaucho. Now the work truly begins, as we continue to develop the Gaucho website for an anticipated Q1 2019 launch. Our creative team is diligently working behind the scenes to bring you pre-sale access to the website to purchase goods and enact a marketing plan that we hope will raise global awareness of our brand, preceding what we hope will be a successful launch.

#### **E-commerce Website & Pre-sale Soft Launch**

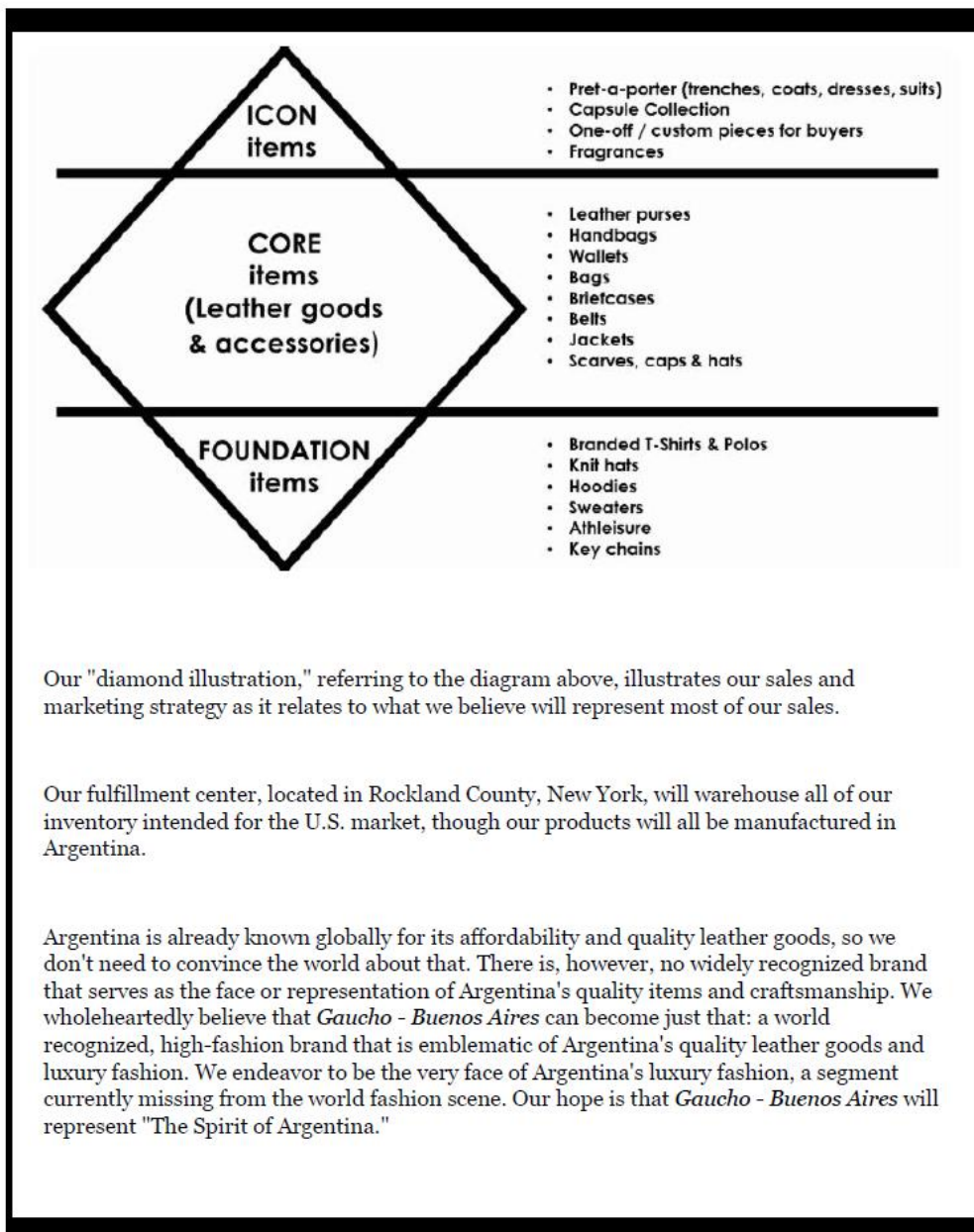
Our e-commerce site is just about ready to go live and we anticipate a soft launch for our *Gaucho - Buenos Aires* brand, with approximately 80 items for pre-sale in the days ahead exclusively for Gaucho noteholders and Algodon stockholders. These items are currently in production and include men's polos, leather jackets and knitwear, women's dresses, ponchos and jackets, among many other items.

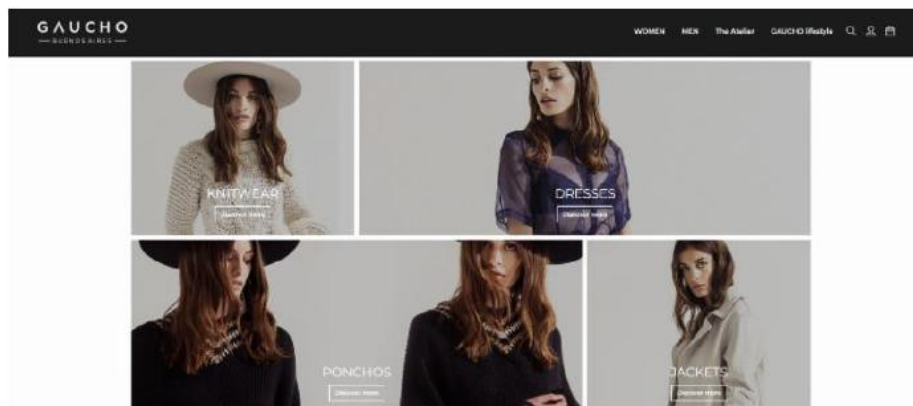
Once you receive your email invitation to the pre-sale, we would appreciate receiving your input on the quality of the merchandise, the packaging, the delivery and the all-around customer experience from start to finish, for which we will offer you a substantial pre-sale discount.

For our pre-sale soft launch, the website will be open only to our noteholders and stockholders, and is not meant for the general public. We anticipate your pre-sale invitation will include an exclusive passcode to enter the website, along with an exclusive coupon code that will allow Gaucho noteholders and Algodon stockholders of record to receive a discount on all clothing pieces before they're available for sale to the public at large.

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### Gaicho - Buenos Aires Press Launch

Our PR team, led by Buenos Aires firm Marisa Koifman, reports that we are still enjoying an excellent response from the press and celebrity attendance from our runway show.

Following our media launch in October, which was intended to generate an early buzz about our brand, our designers, and our soon to launch e-commerce platform, we have received several inquiries from industry players looking to include our story in upcoming publications, and also from retailers potentially looking to carry our brand in their stores (more on that below).

Our recent press clipping include appearances in some of the most widely read fashion magazines in Latam: Revista L'Officiel, Revista Luz, and Polo Mundial. In addition, the largest business publication in Argentina, El Cronista featured Gaicho - Buenos Aires in a wonderful article. Additional coverage of Gaicho - Buenos Aires is expected to appear in L'Officiel Magazine in February, as well as editorial coverage in Harper's Bazaar Brazil, and we've been told to expect a feature in Forbes Argentina this March (coincidentally, this would coincide with our expected participation with Argentina's 2019 Fashion Week, and also by that time we anticipate our e-commerce platform should be fully operational, so the timing could not be better!).

Our PR and fashion team also sat down with the editor in chief of Marie Claire magazine (Latam), who was delighted with our collection and with Santiago and Carmen. We are told that *Gaucha - Buenos Aires* will be present on the cover of their first edition in 2019!

[Click here to view recent press clippings & social networking](#)



#### Designers BA - Buenos Aires Fashion Week 2019

Our team also met with Guillermo Azar, the curator and organizer of the prestigious **Designers BA** (Buenos Aires' own "fashion week") where the best Argentine designers show their work. Designers BA assures us that *Gaucha - Buenos Aires* has a coveted spot at this year's show, which takes place March 11-19, and we hope to see you there too! This is big.

[Click here to visit the Designers BA website](#)

### **Creative Team Expansion**

We are pleased to share news of our latest addition to Gaucho's creative team, Agustina Sorrentini, who has tremendous experience, including eight years at Gucci in Milan as a textile designer. Agustina will serve in a freelance capacity, and we expect she will be instrumental in designing our prints and patterns going forward. We are very excited to see what she will bring to Gaucho – Buenos Aires given her international experience.

We are currently in the process of engaging a dedicated leather bags and accessories designer, to oversee our first line of Women's handbags, as well as Women's and Men's leather accessories for Q1 2019. We are now in the process of finalizing our choice of very qualified applicants of leather craftsman from Buenos Aires. We hope to provide more information on this in the near future.

### **Marketing Initiatives 2019-2020**

*Gaucho - Buenos Aires* will primarily be an e-commerce store targeting U.S. customers. However we do plan on pursuing reselling retail venues both online and brick and mortar. For example, in the wake of our press launch, we received unsolicited inquiries from several high-end boutiques in Brazil interested in carrying the Gaucho line. There are of course numerous avenues for us to explore involving brick and mortar opportunities alone, via agencies or direct solicitation.

Online reselling avenues we expect to pursue include Net-a-Porter, Matches Fashion and at least six other high-end, reputable venues with whom we already have an established foot in the door via our networking channels.

We anticipate our marketing strategy will include popup shops in cities such as Austin, Dallas, Houston, Miami, Los Angeles, New York City and Aspen. With popup shops, we can for example, work with local PR companies to get the word out, as these opportunities are typically promoted via direct mail, PR and digital marketing efforts, as well as word of mouth and strategic geographic positioning.

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Our online marketing efforts will also include SEO initiatives, social media marketing via Instagram, Facebook and Pinterest, and retargeting ads.

Social media star, and *Gaucha - Buenos Aires* advisor, Neels Visser, is also contacting his broad network of social influencers and micro influencers to lay the groundwork for potential partnerships and brand affiliates/ambassadors.



We also anticipate presenting at fashion shows in 2019 - 2020 in New York City, London, Paris, Milan and several other targeted cities. We are optimistic about generating substantial press/editorial as publications are always looking for new content, fresh stories and being able to announce new fashion startups with a good story (which we think we have!).

*Gaucha - Buenos Aires* presents an opportunity for global press to talk about Argentina finding its foothold once again on the global fashion scene, spotlighting our designers, our designs, and our concentration on leather goods. As there are few brands launching out of Argentina, and certainly fewer with global intentions, the press reaction to *Gaucha - Buenos Aires* has been extremely positive and encouraging.

We see the potential here as being enormous, and we will work to get the word out globally. 2019 will indeed be a busy year.

By the way, if you haven't already followed @gauchobuenosaires on Instagram, please take this opportunity to do so!

[Click here to follow us on Instagram!](#)

Thank you for joining us on this exciting journey! Stay tuned for our exclusive stockholder pre-sale access invitation in the days ahead!

We would also like to recognize and express our deep appreciation to all *Gaicho - Buenos Aires* team members, especially Santiago and Carmen, who have worked so hard to get us ready for our premiere on the world stage.

Finally, while there are of course no guarantees in life or in business, and risks abound in all that we do, we nonetheless believe *Gaicho - Buenos Aires* has the potential to become a global brand. With your support, we are working very hard, and very enthusiastically, to get there. In real estate, they say the three most important words are location, location, location. For *Gaicho - Buenos Aires*, our mission is quality, quality, quality. If we can achieve that, how can we not earn the world's attention?

Sincerely,



Scott L. Mathis

Chairman & Founder

(212) 739-7650

[smathis@algodongroup.com](mailto:smathis@algodongroup.com)

[www.AlgodonGroup.com](http://www.AlgodonGroup.com)

Important Notes: The information discussed in this letter includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities

Exchange Act of 1934 (the "Exchange Act"). All statements, other than statements of historical facts, included herein concerning, among other things, planned capital expenditures, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward looking statements. These forward looking statements are identified by their use of terms and phrases such as "may," "expect," "estimate," "project," "plan," "believe," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could," and similar terms and phrases. Although we believe that the expectations reflected in these forward looking statements are reasonable, they do involve certain assumptions, risks and uncertainties and are not (and should not be considered to be) guarantees of future performance. Among these risks are those set forth in Algodon's Form 10-K filed on March 30, 2018. It is important that each person reviewing this release understand the significant risks attendant to the operations of Algodon. Algodon disclaims any obligation to update any forward-looking statement made here.

**Important Disclosures:** This email is for information and discussion purposes only and is not intended to be and should not be construed as an offer to sell, or a solicitation of an offer to buy, an interest in Algodon Group, Inc. or Gaucho Group, Inc. This email is not complete and does not contain certain material information about Algodon or Gaucho, including important disclosures and risk factors associated with an investment in Algodon or Gaucho.

No representation is made that Algodon or Gaucho will or is likely to achieve its objectives or that any investor will profit or be able to avoid incurring substantial losses. This letter does not take into account the particular investment objectives or financial circumstances of any specific person who may receive it.



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