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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________.

Commission file number: 000-55209

Algodon Wines & Luxury Development Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	52-2158952
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

135 Fifth Avenue, 10th Floor
New York, NY 10010
(Address of principal executive offices)

212-739-7677
(Registrant's telephone number, including area code)

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

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

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

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

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

As of May 16, 2016, there were 40,901,642 shares of Algodon Wines & Luxury Development Group, Inc. common stock, $0.01 par value issued and 40,897,231 outstanding.

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2016 (unaudited)	December 31, 2015
Assets		
Current Assets		
Cash	$ 1,329,736	$ 110,645
Accounts receivables, net	181,070	232,789
Accounts receivables - related parties, net	395,599	333,911
Advances and loans to registered representatives, net	280,528	189,612
Inventory	1,204,863	1,184,268
Prepaid expenses and other current assets, net	653,814	602,800
Total Current Assets	4,045,610	2,654,025
Property and equipment, net	3,926,989	4,454,969
Prepaid foreign taxes, net	283,626	360,015
Investment - related parties	109,347	127,202
Deposits	61,284	61,284
Total Assets	$ 8,426,856	$ 7,657,495
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 340,938	$ 585,095
Accrued expenses	1,813,221	1,869,808
Deferred revenue	1,415,355	1,384,317
Loans payable	34,209	-
Convertible and non convertible debt obligations	212,500	287,500
Other liabilities	7,310	4,488
Total Current Liabilities	3,823,533	4,131,208
Accrued expenses, non-current portion	348,591	399,119
Total Liabilities	4,172,124	4,530,327
Commitments and Contingencies		
Stockholders' Equity		
Series A convertible preferred stock, par value $0.01 per share; 11,000,000 shares authorized; 902,670 shares available for issuance; 0 shares issued and outstanding at March 31, 2016 and December 31, 2015		
Common stock, par value $0.01 per share; 80,000,000 shares authorized; 40,438,377 and 38,879,333 shares issued and 40,433,966 and 38,874,922 shares outstanding as of March 31, 2016 and December 31, 2015, respectively	404,383	388,793
Additional paid-in capital	73,447,109	69,933,147
Accumulated other comprehensive loss	(9,996,997)	(9,591,274)
Accumulated deficit	(59,585,693)	(57,589,428)
Treasury stock, at cost, 4,411 shares at March 31, 2016 and December 31, 2015	(14,070)	(14,070)
Total Stockholders' Equity	4,254,732	3,127,168
Total Liabilities and Stockholders' Equity	$ 8,426,856	$ 7,657,495

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended March 31,	
	2016	**2015**
Sales	$ 443,404	$ 571,963
Cost of sales	(334,727)	(484,059)
Gross profit	108,677	87,904
Operating Expenses		
Selling and marketing	46,204	54,619
General and administrative	1,985,529	1,981,435
Depreciation and amortization	45,987	66,733
Total operating expenses	2,077,720	2,102,787
Loss from Operations	(1,969,043)	(2,014,883)
Other Expenses		
Interest expense, net	27,222	46,245
Total other expenses	27,222	46,245
Net Loss	$ (1,996,265)	$ (2,061,128)
Net Loss Per Share:		
Basic and Diluted	$ (0.05)	$ (0.06)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	40,433,966	35,987,149

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)

	For the three months ended March 31,	
	2016	**2015**
Net Loss	$ (1,996,265)	$ (2,061,128)
Other Comprehensive Loss		
Foreign currency translation adjustments	(405,723)	(72,261)
Total Comprehensive Loss	$ (2,401,988)	$ (2,133,389)

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance - December 31, 2015	38,879,333	$388,793	4,411	$(14,070)	$69,933,147	$ (9,591,274)	$ (57,589,428)	$ 3,127,168
Restricted stock issued	350,000	3,500	-	-	(3,500)	-	-	-
Common stock issued for cash	1,140,644	11,406	-	-	2,840,204	-	-	2,851,610
Exchange of 12.5% notes for common stock	37,700	377	-	-	75,056	-	-	75,433
Stock-based compensation: Common stock issued under 401(k) profit sharing plan	30,700	307	-	-	76,443	-	-	76,750
Options and warrants	-	-	-	-	234,092	-	-	234,092
Vesting of restricted stock	-	-	-	-	291,667	-	-	291,667
Comprehensive loss:								
Net loss	-	-	-	-	-	-	(1,996,265)	(1,996,265)
Other comprehensive loss	-	-	-	-	-	(405,723)	-	(405,723)
Balance - March 31, 2016	40,438,377	$404,383	4,411	$(14,070)	$73,447,109	$ (9,996,997)	$ (59,585,693)	$ 4,254,732

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended March 31, 2016	2015
Cash Flows from Operating Activities		
Net loss	$ (1,996,265)	$ (2,061,128)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation:		
401(k) expense	16,616	34,936
Options and warrants	234,092	270,128
Vesting of restricted stock	291,667	-
Net realized and unrealized investment losses	24,098	16,316
Depreciation and amortization	45,987	114,115
Provision for uncollectible assets	(39,815)	42,018
Prepaid compensation amortization	750	1,583
Other non-cash income, net	(6,243)	-
Decrease (increase) in assets:		
Accounts receivable	(33,328)	(96,091)
Inventory	(130,847)	(100,552)
Prepaid expenses and other current assets	(128,363)	128,005
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(138,410)	(267,019)
Deferred revenue	75,067	97,103
Other liabilities	(4,939)	69,773
Total Adjustments	206,332	310,315
Net Cash Used in Operating Activities	(1,789,933)	(1,750,813)
Cash Flows from Investing Activities		
Purchase of property and equipment	(50,209)	(46,603)
Net Cash Used in Investing Activities	(50,209)	(46,603)
Cash Flows from Financing Activities		
Proceeds from issuance of loans payable	34,701	50,000
Repayments of convertible debt obligations	(25,000)	-
Proceeds from common stock offering	2,851,610	1,527,362
Net Cash Provided by Financing Activities	2,861,311	1,577,362
Effect of Exchange Rate Changes on Cash	197,922	150,505
Net Increase (Decrease) in Cash	1,219,091	(69,549)
Cash - Beginning of Period	110,645	442,725
Cash - End of Period	$ 1,329,736	$ 373,176

See Notes to the Condensed Consolidated Financial Statements

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three months ended March 31,			
		2016		2015
Supplemental Disclosures of Cash Flow Information:				
Interest paid	$	3,484	$	38,145
Income taxes paid	$	-	$	20,025
Non-Cash Investing and Financing Activity				
Debt and interest converted to equity	$	75,433	$	-
Accrued stock based compensation converted to equity	$	76,750	$	-

See Notes to the Condensed Consolidated Financial Statements

1. ORGANIZATION

Through its wholly-owned subsidiaries, Algodon Wines & Luxury Development Group, Inc. (the "Company", "Algodon Partners", "AWLD"), a Delaware corporation that was incorporated on April 5, 1999, currently invests in, develops and operates international real estate projects. The Company's wholly-owned subsidiaries are InvestProperty Group, LLC, Algodon Global Properties, LLC, DPEC Capital, Inc. ("CAP"), and Algodon Europe, Ltd. AWLD also owns approximately 96.5% of Mercari Communications Group, Ltd. ("Mercari"), a public shell corporation that is current in its SEC reporting obligations and is a ready target for merger or sale. Mercari is a consolidated subsidiary of the Company and the noncontrolling interest is negligible.

Through its subsidiaries, the Company currently operates Algodon Mansion ("TAR"), a Buenos Aires-based luxury boutique hotel property and we have redeveloped, expanded and repositioned a winery and golf resort property called Algodon Wine Estates ("AWE") for subdivision of a portion of this property for residential development.

2. GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company incurred losses of $1,996,265 and $2,061,128 during the three months ended March 31, 2016 and 2015, respectively, and has an accumulated deficit of $59,585,693 at March 31, 2016. Cash used in operating activities was $1,789,923 and $1,750,813 for the three months ended March 31, 2016 and 2015, respectively. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs to raise additional capital in order to expand its business objectives. The Company funded its operations for the three months ended March 31, 2016 primarily through a private placement offering of common stock for proceeds of $2,851,610. The Company presently has only enough cash on hand to sustain its operations through August 2016. Historically, the Company has been successful in raising funds to support our capital needs. Management believes that it will be successful in obtaining additional financing; however, no assurance can be provided that the Company will be able to do so. There is no assurance that these funds will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful and notwithstanding any request the Company may make, if the Company's debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may need to curtail its operations and implement a plan to extend payables and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. Such a plan could have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations, liquidate and/or seek reorganization in bankruptcy. These condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of March 31, 2016, and for the three months ended March 31, 2016 and 2015. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the operating results for the full year. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission ("SEC") on March 30, 2016, as amended on March 31, 2016. The condensed consolidated balance sheet as of December 31, 2015 has been derived from the Company's audited consolidated financial statements.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, the Company must make estimates and assumptions. These estimates and assumptions affect the reported amounts in the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and related assumptions made by the Company relate to the valuation of equity instruments, the useful lives of property and equipment and reserves associated with the realizability of certain assets.

Segment Information

The Financial Accounting Standards Board ("FASB") has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. The Company operates in one segment which is the business of real estate development in Argentina. The Company's chief operating decision-maker reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating segment. Certain activities of the Company such as the U.S. Broker Dealer Operations, are considered a service or support division to the Company, by providing capital raising efforts, substantially to support the AWLD real estate development activities, and are not considered a business for segment purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Foreign Currency Translation

The Company's functional and reporting currency is the United States dollar. The functional currencies of the Company's operating subsidiaries are their local currencies (United States dollar, Argentine peso and British pound). There has been a steady devaluation of the Argentine peso relative to the United States dollar in recent years. Assets and liabilities are translated into U.S. dollars at the balance sheet date (14.6162 and 12.9441 at March 31, 2016 and December 31, 2015, respectively) and revenue and expense accounts are translated at a weighted average exchange rate for the period or for the year then ended (14.4089 and 8.6799 for the three months ended March 31, 2016 and 2015, respectively). Resulting translation adjustments are made directly to accumulated other comprehensive income. The Company engages in foreign currency denominated transactions with customers and suppliers, as well as between subsidiaries with different functional currencies.

A highly inflationary economy is defined as an economy with a cumulative inflation rate of approximately 100 percent or more over a three-year period. If a country's economy is classified as highly inflationary, the functional currency of the foreign entity operating in that country must be remeasured to the functional currency of the reporting entity. The official cumulative inflation rate for Argentina over the last three years approximated 64%, although the International Monetary Fund has concerns regarding the accuracy of the official data.

Property and Equipment

Investments in property and equipment are recorded at cost. These assets are depreciated using the straight-line method over their estimated useful lives. Most of the Company's assets are located in Argentina and are subject to variation as a result of foreign currency translation.

The Company capitalizes internal vineyard improvement costs when developing new vineyards or replacing or improving existing vineyards. These costs consist primarily of the costs of the vines and expenditures related to labor and materials to prepare the land and construct vine trellises. Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of properties sold or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts at the time of disposal and resulting gains and losses are included as a component of operating income. Real estate development consists of costs incurred to ready the land for sale, including primarily costs of infrastructure as well as master plan development and associated professional fees. Given that they are not currently in service, the assets are currently not being depreciated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on financial reporting dates and vesting dates until the service period is complete. The fair value amount of the shares expected to ultimately vest is then recognized over the period services are required to be provided in exchange for the award, usually the vesting period. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Concentrations

The Company maintains cash with major financial institutions. Cash held in US bank institutions is currently insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each institution. No similar insurance or guarantee exists for cash held in Argentina bank accounts. There were aggregate uninsured cash balances of $1,101,519 and $45,055 at March 31, 2016 and December 31, 2015, respectively.

Comprehensive Income (Loss)

Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The guidance requires other comprehensive income (loss) to include foreign currency translation adjustments.

Revenue Recognition

The Company earns revenues from its real estate, hospitality, food & beverage, broker-dealer and other related services. Revenues from rooms, food and beverage, and other operating departments are recognized as earned at the time of sale or rendering of service. Cash received in advance of the sale or rendering of services is recorded as advance deposits or deferred revenue on the condensed consolidated balance sheets. Deferred revenues associated with real estate lot sale deposits are recognized as revenues (along with any outstanding balance) when the lot sale closes and the deed is provided to the purchaser. Other deferred revenues primarily consist of deposits accepted by the Company in connection with agreements to sell barrels of wine. These wine barrel deposits are recognized as revenues (along with any outstanding balance) when the barrel of wine is shipped to the purchaser. Sales taxes and value added ("VAT") taxes collected from customers and remitted to governmental authorities are presented on a net basis within revenues in the condensed consolidated statements of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Loss per Common Share

Basic loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options and warrants and the conversion of convertible instruments.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	March 31,	
	2016	**2015**
Options	8,895,686	7,214,340
Warrants	1,480,564	1,122,674
Convertible instruments	-	263,993
Restricted shares of common stock	233,345	-
Total potentially dilutive shares	10,609,595	8,601,007

New Accounting Pronouncements

In March 2016, the FASB issued ASU 2016-09, “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”. The amendments are effective for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The Company is currently evaluating the impact of the adoption of ASU 2016-09 on its consolidated financial statements or disclosures.

In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The amendments in this update clarify the following two aspects to Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The entity first identifies the promised goods or services in the contract and reduce the cost and complexity. An entity evaluates whether promised goods and services are distinct. Topic 606 includes implementation guidance on determining whether an entity’s promise to grant a license provides a customer with either a right to use the entity’s intellectual property (which is satisfied at a point in time) or a right to access the entity’s intellectual property (which is satisfied over time). The Company is currently evaluating the impact of the adoption of ASU 2014-09 on its consolidated financial statements or disclosures.

The Company has implemented all new accounting standards that are in effect and may impact its condensed consolidated financial statements and does not believe that there are any other new accounting standards that have been issued that might have a material impact on its financial position or results of operations.

4. INVENTORY

Inventory at March 31, 2016 and December 31, 2015 is comprised of the following:

	March 31, 2016	December 31, 2015
Vineyard in Process	$ 211,886	$ 180,582
Wine in Process	755,421	826,851
Finished Wine	172,069	104,159
Other	65,487	72,676
	$ 1,204,863	$ 1,184,268

5. NET CAPITAL REQUIREMENTS

The Company's subsidiary, CAP, as a registered broker-dealer, is subject to the SEC's Uniform Net Capital Rule 15c3-1 that requires the maintenance of minimum net capital. This requires that CAP maintain minimum net capital of $5,000 and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

As of March 31, 2016 and December 31, 2015, CAP's net capital exceeded the requirement by $103,481 and $32,078, respectively.

The Company had a percentage of aggregate indebtedness to net capital of approximately 23.2 % and 95.8% as of March 31, 2016 and December 31, 2015, respectively.

Advances, dividend payments and other equity withdrawals are restricted by the regulations of the SEC, and other regulatory agencies are subject to certain notification and other provisions of the net capital rules of the SEC. The Company qualifies under the exemptive provisions of Rule 15c3-3 as the Company does not carry security accounts for customers or perform custodial functions related to customer securities.

6. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or developed by the Company. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets. Financial instruments in this category generally include actively traded equity securities.

Level 2 - Valued based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) from market corroborated inputs. Financial instruments in this category include certain corporate equities that are not actively traded or are otherwise restricted.

Level 3 - Valued based on valuation techniques in which one or more significant inputs is not readily observable. Included in this category are certain corporate debt instruments, certain private equity investments, and certain commitments and guarantees.

Investments – Related Parties at Fair Value

As of March 31, 2016	Level 1	Level 2	Level 3	Total
Warrants - Affiliates	$ -	$ -	$ 109,347	$ 109,347

As of December 31, 2015	Level 1	Level 2	Level 3	Total
Warrants - Affiliates	$ -	$ -	$ 127,202	$ 127,202

A reconciliation of Level 3 assets is as follows:

	Warrants
Balance - December 31, 2015	$ 127,202
Received	20,812
Allocated to employees as compensation	(14,569)
Unrealized loss	(24,098)
Balance - March 31, 2016	$ 109,347

	March 31, 2016	December 31, 2015
Accumulated unrealized (losses) gains related to investments at fair value	$ (47,944)	$ (33,058)

6. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

It is the Company's policy to distribute part or all of the warrants CAP earns through serving as placement agent on various private placement offerings for a related but independent entity under common management, to registered representatives or other employees who provided investment banking services. The Company recorded $14,569 compensation expense (fair value) related to these distributed warrants for the three months ended March 31, 2016. There was no compensation recorded related distributed warrants for three months ended March 31, 2015. Warrants retained by the Company's broker-dealer subsidiary are marked to market at each reporting date using the Black-Scholes option pricing model. Unrealized losses on affiliate warrants of $24,098 and $16,316 recorded during the quarter ended March 31, 2016 and 2015, respectively, are included in revenues on the accompanying condensed consolidated statements of operations.

The fair value of the warrants was determined based on the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including the expected share price volatility. Given that such shares were not publicly-traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within the industry.

The Company's short term financial instruments include cash, accounts receivable, advances and loans to registered representatives, accounts payable, accrued expenses, deferred revenue, other liabilities, loans payable and debt obligations. The carrying value of these instruments approximate fair value, as they bear terms and conditions comparable to market, for obligations with similar terms and maturities.

7. ACCRUED EXPENSES

Accrued expenses are comprised of the following:

	March 31, 2016	December 31, 2015
Accrued compensation and payroll taxes	$ 1,253,247	$ 1,400,498
Accrued taxes payable	145,290	97,428
Accrued interest	228,752	255,497
Other accrued expenses	185,932	116,385
Accrued expenses, current	1,813,221	1,869,808
Accrued payroll tax obligations, non-current	348,591	399,119
Total accrued expenses	$ 2,161,812	$ 2,268,927

8. LOANS PAYABLE

On March 6, 2016 the Company entered into a short- term loan payable in exchange for proceeds of $34,701 which was used to pay certain payroll and payroll tax obligations. The loan matures on May 6, 2016 and bears interest at 10% per month. The Company paid interest of $3,470 during the three months ended March 31, 2016. The decrease in the balance of the loan payable as of March 31, 2016 is the result of changes in the foreign currency exchange rate during the period.

All principal and interest due under the loan payable was repaid in full on May 6, 2016.

9. DEBT OBLIGATIONS

On January 1, 2016, principal and interest of $50,000 and $25,433, respectively, related to the 12.5% Notes were exchanged for 37,700 shares of the Company's common stock at $2.00 per share, in connection with a one-time offer that was not pursuant to the original terms of the note. An additional $9,180 of accrued interest related to the 12.5% Notes was derecognized during the period.

On March 22, 2016, the Company repaid $25,000 principal related to the 8% Notes.

The Company's debt obligations consist of the following:

	March 31, 2016			December 31, 2015		
	Principal	Interest [1]	Total	Principal	Interest [1]	Total
8% Notes	$ 212,500	$ 228,752	$ 441,252	$ 237,500	$ 220,884	$ 458,384
12.5% Notes	-	-	-	50,000	34,613	84,613
Total	$ 212,500	$ 228,752	$ 441,252	$ 287,500	$ 255,497	$ 542,997

[1] Accrued interest is included as a component of accrued expenses on the condensed consolidated balance sheets.

During the three months ended March 31, 2016 and 2015, the Company accrued interest expense of $7,868 and $11,454, respectively, in connection with its convertible notes.

10. RELATED PARTY TRANSACTIONS

Assets

Accounts receivable – related parties, net of $395,599 and $333,911 at March 31, 2016 and December 31, 2015, respectively, represents the net realizable value of advances made to related, but independent, entities under common management, of which $165,263 and $182,227, respectively, represents amounts owed to the Company in connection with expense sharing agreements as described below.

Investments

See Note 6 – Investments and Fair Value of Financial Instruments, for information related to investments in related parties.

10. RELATED PARTY TRANSACTIONS, continued

Expense Sharing

On April 1, 2010, the Company entered into an agreement with a related entity of which AWLD's CEO is Chairman and Chief Executive Officer, and AWLD's CFO is an executive officer, to share expenses such as office space, support staff and other operating expenses. General and administrative expenses were reduced by $39,196 and $45,927 during the three months ended March 31, 2016 and 2015, respectively. The entity owed $151,301 and $177,755 to the Company under the expense sharing agreement as of March 31, 2016 and December 31, 2015, respectively, which is included in accounts receivable – related parties, net on the accompanying condensed consolidated balance sheets.

In addition the Company has an expense sharing agreement with a related, but independent entity to share expenses such as office space and other clerical services. The owners of more than 5% of that entity include (i) AWLD's chairman, and (ii) a more than 5% owner of AWLD. General and administrative expenses were reduced by $3,990 and $3,990 during the three months ended March 31, 2016 and 2015, respectively. The entity owed $379,962 and $380,472 to the Company under the expense sharing agreement as of March 31, 2016 and December 31, 2015, respectively, of which $366,000 and $376,000, respectively, is deemed unrecoverable and written off.

11. BENEFIT CONTRIBUTION PLAN

The Company sponsors a 401(k) profit-sharing plan ("401(k) Plan") that covers substantially all of its employees in the United States. The 401(k) Plan provides for a discretionary annual contribution, which is allocated in proportion to compensation. In addition, each participant may elect to contribute to the 401(k) Plan by way of a salary deduction.

A participant is always fully vested in their account, including the Company's contribution. For three months ended March 31, 2016 and 2015, the Company recorded a charge associated with its contribution of $16,616 and $34,936, respectively. This charge has been included as a component of general and administrative expenses in the accompanying condensed consolidated statements of operations. The Company issues shares of its common stock to settle prior year's obligations based on the fair market value of its common stock on the date the shares are issued. During the three months ended March 31, 2016 the Company issued 30,700 shares of common stock at $2.50 per share in connection with its 401(k) obligation for the year ended December 31, 2015.

12. STOCKHOLDERS' EQUITY

Common Stock Issued for Cash

During the quarter ended March 31, 2016, the Company issued 1,140,644 shares of common stock at $2.50 per share for cash proceeds of $2,851,610.

Restricted Stock Awards

On January 11, 2016, the Company issued 350,000 shares of restricted stock to Maxim Group LLC ("Maxim"), in connection with the entry into agreement with Maxim for general financial advisory and investment banking services. The shares vested 11.11% in connection with the execution of the agreement, and 11.11% monthly thereafter. The aggregate grant date value of $875,000 will be recognized ratably over the vesting period. During the three months ended March 31, 2016, the Company recognized $291,667 of stock based compensation expense related to the vesting of this award, which is included in general and administrative expenses in the accompanying condensed consolidated statement of operations.

Application for Quotation on OTC Bulletin Board

On January 20, 2016 FINRA cleared the Company's request to submit quotations on the OTC Bulletin Board and in OTC Link. In addition, the Company submitted its application for quotation on the OTCQB marketplace and was approved on March 7, 2016.

Accumulated Other Comprehensive Loss

For three months ended March 31, 2016 and 2015, the Company recorded $405,723 and $72,261, respectively, of foreign currency translation adjustment as accumulated other comprehensive loss.

12. STOCKHOLDERS' EQUITY, continued

Warrants

During the three months ended March 31, 2016 and 2015, in connection with the sale of its equity securities, the Company issued five-year warrants to its subsidiary CAP, who acted as placement agent, to purchase 98,378 and 53,000 shares of its common stock at $2.50 and $2.00 per share, respectively. CAP, in turn, awarded such warrants to its registered representatives and recorded $84,105 and $37,392, of stock-based compensation expense for three months ended March 31, 2016 and 2015, respectively, within general and administrative expense in the condensed consolidated statements of operations.

A summary of warrants activity during three months ended March 31, 2016 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Intrinsic Value
Outstanding, December 31, 2015	1,382,186	$ 2.10		
Issued	98,378	2.50		
Exercised	-	-		
Cancelled	-	-		
Outstanding, March 31, 2016	1,480,564	$ 2.24	3.03	$ 392,177
Exercisable, March 31, 2016	1,480,564	$ 2.24	3.03	$ 392,177

A summary of outstanding and exercisable warrants as of March 31, 2016 is presented below:

Warrants Outstanding			Warrants Exercisable	
Exercise Price	Exercisable Into	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 2.00	Common Stock	394,935	4.2	394,935
$ 2.30	Preferred Stock	973,544	2.3	973,544
$ 2.50	Common Stock	112,085	4.9	112,085
	Total	1,480,564		1,480,564

12. STOCKHOLDERS' EQUITY, continued

Stock Options

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. There is currently no public trading market for the shares of AWLD common stock underlying the Company's 2008 Equity Incentive Plan (the "2008 Plan"). Accordingly, the fair value of the AWLD common stock was estimated by management based on observations of the cash sales prices of AWLD equity securities. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The expected term of options granted to consultants represents the contractual term, whereas the expected term of options granted to employees and directors was estimated based upon the "simplified" method for "plain-vanilla" options. Given that the Company's shares are not publicly traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the options. The Company estimated forfeitures related to options at an annual rate of 5% for options outstanding at March 31, 2016.

There were no stock options granted during the three months ended March 31, 2016 and 2015.

During the three months ended March 31, 2016 and 2015, the Company recorded stock-based compensation expense of $149,987 and $232,736, respectively, related to stock option grants, which is reflected as general and administrative expenses in the condensed consolidated statements of operations. As of March 31, 2016, there was $1,791,863 of unrecognized stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 3.0 years, of which $366,926 of unrecognized expense is subject to non-employee mark-to-market adjustments.

12. STOCKHOLDERS' EQUITY, continued

A summary of options activity during the three months ended March 31, 2016 is presented below:

	Number of Options	Weighted Average Exercise Price Warrants	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2015	8,939,436	$ 2.70		
Granted	-	-		
Exercised	-	-		
Expired	-	-		
Forfeited	(43,750)	2.32		
Outstanding, March 31, 2016	8,895,686	$ 2.70	2.6	$ 747,015
Exercisable, March 31, 2016	5,539,304	$ 2.94	1.8	$ 73,358

The following table presents information related to stock options at March 31, 2016:

Options Outstanding		Options Exercisable	
Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
$ 2.20	2,166,890	-	-
2.48	4,847,375	2.6	3,667,883
3.30	10,000	-	-
3.50	25,000	2.2	25,000
3.85	1,846,421	0.3	1,846,421
	8,895,686	1.8	5,539,304

13. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in litigation and arbitrations from time to time in the ordinary course of business. The Company does not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on its financial condition or results of operations. However, as is inherent in legal proceedings, there is a risk that an unpredictable decision adverse to the company could be reached. The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

Commitments

The Company leases office space in New York City under an operating lease which expires on August 31, 2020. Rent expense for this property was $69,962 and $37,439 for the three months ended March 31, 2016 and 2015, respectively, net of expense allocation to affiliates.

Consulting Agreement

On or about January 11, 2016, the Company entered into an agreement with Maxim Group LLC ("Maxim") to provide general financial advisory and investment banking services to the Company. Pursuant to the terms of this agreement, Maxim will receive a monthly cash fee of $7,500 for the duration of the agreement, which may be terminated by either party at any time after six months, upon 30 days prior written notice to the other party. In connection with the agreement, the Company issued 350,000 shares of restricted common stock valued at $2.50 per share to Maxim (see Note 12 – Stockholders' Equity), which vest 11.1% upon execution of the agreement, and 11.1% monthly thereafter. An additional 100,000 shares of restricted stock will be issued to Maxim upon the uplisting of the Company's common stock to a national exchange.

14. SUBSEQUENT EVENTS

Management has evaluated all subsequent events to determine if events or transactions occurring through the date the condensed consolidated financial statements were issued, require adjustment to or disclosure in the condensed consolidated financial statements.

Equity Transactions

During the period from April 1, 2016 through the filing date of this report, the Company sold 463,265 shares of its common stock for cash proceeds of $1,158,162.

Entry into a Material Agreement

The Company entered into an Investor Relations Consulting Agreement effective April 8, 2016 (the "Agreement") with MZHCI LLC ("MZHCI") to provide consulting services with respect to financial markets and exchanges, competitors, business acquisitions and other related matters in exchange for consideration of $6,500 per month plus warrants for the purchase of up to 150,000 shares of the Company's common stock.

In connection with the Agreement, warrants for the purchase of 75,000 shares of the Company's common stock were granted to MZHCI on April 18, 2016. The warrants had an exercise price of $2.50 and vest on July 8, 2016.

Foreign Currency Exchange Rates

The Argentine peso to United States dollar exchange rate was 14.2181, 14.6162 and 12.9441 at May 11, 2016, March 31, 2016 and December 31, 2015, respectively.

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements. We disclaim any obligation to update forward-looking statements.

The independent registered public accounting firm's report on the Company's consolidated financial statements as of December 31, 2015, and for each of the years in the two-year period then ended, includes a "going concern" explanatory paragraph, that describes substantial doubt about the Company's ability to continue as a going concern.

Unless the context requires otherwise, references in this document to "AWLD", "we", "our", "us" or the "Company" are to Algodon Wines & Luxury Development Group, Inc. and its subsidiaries.

Overview

We are an integrated, lifestyle related real estate development company, capitalizing on our unique brand of affordable luxury, branded as "Algodon", to create a diverse set of interrelated products and services. Our wines, hotels and real estate ventures, currently concentrated in Argentina, offer a blend of high-end, luxury and adventures products. We hope to further broaden the reach and depth of our services to strengthen and cement the reach of our brand. Ultimately, we intend to further expand and grow our business by combining unique and promising opportunities with our brand and clientele.

Through our subsidiaries, we currently operate Algodon Mansion, a Buenos Aires-based luxury boutique hotel property and we have redeveloped, expanded and repositioned a winery and golf resort property called Algodon Wine Estates for subdivision of a portion of this property for residential development.

Investment in foreign real estate requires consideration of certain risks typically not associated with investing in the United States. Such risks include, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations or changes in laws which affect foreign investors.

Recent Developments and Trends

Financings

During the three months ended March 31, 2016, we raised approximately $2.9 million of new capital from the issuance of common stock for cash.

Initiatives

We have implemented a number of initiatives designed to expand revenues and control costs. Revenue enhancement initiatives include expanding marketing, investment in additional winery capacity and developing new real estate development revenue sources. Cost reduction initiatives include investment in equipment that will decrease our reliance on subcontractors, plus outsourcing and restructuring of certain functions. Our goal is to become more self-sufficient and less dependent on outside financing.

Liquidity

As reflected in our condensed consolidated financial statements, we have generated significant losses which have resulted in a total accumulated deficit of approximately $60 million, raising substantial doubt that we will be able to continue operations as a going concern. Our independent registered public accounting firm included an explanatory paragraph in their report for the years ended December 31, 2015 and 2014, stating that we have incurred significant losses and need to raise additional funds to meet our obligations and sustain our operations. Our ability to execute our business plan is dependent upon our generating cash flow and obtaining additional debt or equity capital sufficient to fund operations. If we are able to obtain additional debt or equity capital (of which there can be no assurance), we hope to acquire additional management as well as increase the marketing our products and continue the development of our real estate holdings.

Our business strategy may not be successful in addressing these issues and there can be no assurance that we will be able to obtain any additional capital. If we cannot execute our business plan on a timely basis (including acquiring additional capital), our stockholders may lose their entire investment in us, because we may have to delay vendor payments and/or initiate cost reductions, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations, liquidate and/or seek reorganization under the U.S. bankruptcy code.

Consolidated Results of Operations

Three months ended March 31, 2016 compared to three months ended March 31, 2015

Overview

We reported net losses of approximately $2.0 million and $2.1 million for the three months ended March 31, 2016 and 2015, respectively.

Revenues

Revenues were approximately $443,000 and $572,000 during the three months ended March 31, 2016 and 2015, respectively, representing a decrease of $129,000 or 23%. The decrease in revenues of approximately $253,000 from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar in the first quarter of 2016 compared to the same quarter in 2015 was partially offset by increases in private placement fees and hotel revenues during the quarter.

Gross profit

We generated gross profit of approximately $109,000 for the three months ended March 31, 2016 as compared to a gross profit of approximately $88,000 for the three months ended March 31, 2015, representing an increase of $21,000 or 24%. Cost of sales, which consists of raw materials, direct labor and indirect labor associated with our business activities, decreased by approximately $149,000 from $484,000 for the three months ended March 31, 2015 to $335,000 for the three months ended March 31, 2016. The decrease in cost of sales results principally from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar in the first quarter of 2016 compared to the same quarter in 2015. The increase in gross profit is primarily the result of the increase in revenues from private placement fees during the quarter.

Selling and marketing expenses

Selling and marketing expenses were approximately $46,000 and $55,000 for the three months ended March 31, 2016 and 2015, respectively, representing a decrease of $9,000 or 16%, which primarily resulted from fluctuations in the exchange rate of the Argentine peso to the United States dollar in the first quarter of 2016 compared to the same quarter in 2015.

General and administrative expenses

General and administrative expenses were approximately $2.0 million for the three months ended March 31, 2016 and 2015. General and administrative expense significant variations included (1) a $297,000 increase in stock based compensation resulting from the vesting of restricted stock issued to a consultant in connection with the Company's entry into an agreement for investment banking and financial advisory services; (2) severance payments during the quarter of $230,000; (3) a $260,000 decrease from the impact of the fluctuations in exchange rate of the Argentine peso to the United States dollar; and (4) decreases in commissions to registered representatives of approximately $150,000.

Depreciation and amortization expense

Depreciation and amortization expense was approximately $46,000 and $67,000 during the three months ended March 31, 2016 and 2015, respectively, representing a decrease of $21,000 or 31%. It should be noted that an additional $23,000 and $47,000 of depreciation and amortization expense was included in cost of sales during the three months ended March 31, 2016 and 2015, respectively. Most of our property and equipment is located in Argentina and the United State dollar gross cost being depreciated declined year-over-year due to the devaluation of the Argentine peso relative to the United States dollar. Increases related to purchases of fixed assets during the quarter were offset by decreases resulting from the devaluation of the peso.

Interest expense, net

Interest expense was approximately $27,000 and $46,000 during the three months ended March 31, 2016 and 2015, respectively, representing a decrease of $19,000 or 41% related to the reduction (exchange or repayment) of debt during 2015.

Liquidity and Capital Resources

We measure our liquidity a variety of ways, including the following:

	March 31, 2016	December 31, 2015
Cash	$ 1,329,736	$ 110,645
Working Capital (Deficiency)	$ 222,077	$ (1,477,183)

Based upon our working capital situation as of March 31, 2016, we require additional equity and/or debt financing in order to sustain operations. These conditions raise substantial doubt about our ability to continue as a going concern.

We have relied primarily on debt and equity private placement offerings to third party independent, accredited investors to sustain operations. These offerings were conducted by our wholly-owned subsidiary DPEC Capital, Inc. (“CAP”). Additionally, from time to time, we secured individual, direct loans from our CEO and other shareholders.

During the three months ended March 31, 2016, we issued 1,140,644 shares of common stock at $2.50 per share to accredited investors in a private placement transaction for gross proceeds of $2,851,610.

The proceeds from these financing activities were used to fund our existing operating deficits, legal and accounting expenses associated with being a public company, capital expenditures associated with our real estate development projects, enhanced marketing efforts to increase revenues and the general working capital needs of the business.

Availability of Additional Funds

As a result of the above developments, we have been able to sustain operations. However, we will need to raise additional capital in order to meet our future liquidity needs for operating expenses, capital expenditures for the winery expansion and to further invest in our real estate development. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations.

Sources and Uses of Cash for the Three months ended March 31, 2016 and 2015

Net Cash Used in Operating Activities

Net cash used in operating activities for the three months ended March 31, 2016 and 2015 amounted to approximately $1,790,000 and $1,751,000, respectively. During the three months ended March 31, 2016, the net cash used in operating activities was primarily attributable to the net loss of approximately $1,996,000 adjusted for approximately $567,000 of net non-cash expenses, and approximately $361,000 of cash used by changes in the levels of operating assets and liabilities. During the three months ended March 31, 2015, the net cash used in operating activities was primarily attributable to the net loss of approximately $2,061,000 adjusted for approximately $479,000 of net non-cash expenses, and approximately $169,000 of cash used in by changes in the levels of operating assets and liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2016 and 2015 amounted to approximately $50,000 and $47,000, respectively, and was primarily related to the purchase of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2016 and 2015 amounted to approximately $2,861,000 and $1,577,000, respectively. For the three months ended March 31, 2016, the net cash provided by financing activities resulted primarily from the offering of equity securities for net proceeds of approximately $2,852,000 and new borrowings of $35,000, less repayments of $25,000. For the three months ended March 31, 2015, the net cash provided by financing activities resulted primarily from the offering of equity securities for net proceeds of approximately $1,527,000 and new borrowings of $50,000.

Going Concern and Management's Liquidity Plans

The accompanying condensed consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. As discussed in Note 2 to the accompanying condensed consolidated financial statements, we have not achieved a sufficient level of revenues to support our business and development activities and have suffered substantial recurring losses from operations since our inception, which conditions raise substantial doubt that we will be able to continue operations as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Based on current cash on hand and subsequent activity as described herein, our cash-on-hand only allows us to operate our business operations through August 2016. While we are exploring opportunities with third parties and related parties to provide some or all of the capital we need over the short and long terms, we have not entered into any external agreement to provide us with the necessary capital. Historically, the Company has been successful in raising funds to support our capital needs. If we are unable to obtain additional financing on a timely basis, we may have to delay vendor payments and/or initiate cost reductions, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately we could be forced to discontinue our operations, liquidate and/or seek reorganization under the U.S. bankruptcy code. As a result, our auditors have issued a going concern opinion in conjunction with their audit of our December 31, 2015 and 2014 consolidated financial statements.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

As a smaller reporting company, we are not required to provide the information requested by paragraph (a)(5) of this Item.

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in our Annual Report on Form 10-K filed with the SEC on March 30, 2016. Please refer to that document for disclosures regarding the critical accounting policies related to our business.

New Accounting Pronouncements

In March 2016, the FASB issued ASU 2016-09, “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”. The amendments are effective for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. We are currently evaluating the impact of the adoption of ASU 2016-09 on our consolidated financial statements or disclosures.

In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The amendments in this update clarify the following two aspects to Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The entity first identifies the promised goods or services in the contract and reduce the cost and complexity. An entity evaluates whether promised goods and services are distinct. Topic 606 includes implementation guidance on determining whether an entity’s promise to grant a license provides a customer with either a right to use the entity’s intellectual property (which is satisfied at a point in time) or a right to access the entity’s intellectual property (which is satisfied over time). We are currently evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements or disclosures.

We have implemented all new accounting standards that are in effect and may impact our condensed consolidated financial statements and we do not believe that there are any other new accounting standards that have been issued that might have a material impact on our financial position or results of operations.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer (who is our Principal Executive Officer) and our Chief Financial Officer (who is our Principal Financial Officer and Principal Accounting Officer), of the effectiveness of the design of our disclosure controls and procedures (as defined by Exchange Act Rules 13a-15(e) or 15d-15(e)) as of March 31, 2016, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2016.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended March 31, 2016, there were no changes in our internal controls over financial reporting, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time AWLD and its subsidiaries and affiliates are subject to litigation and arbitration claims incidental to its business. Such claims may not be covered by its insurance coverage, and even if they are, if claims against AWLD and its subsidiaries are successful, they may exceed the limits of applicable insurance coverage. Additionally, as participants in the heavily-regulated securities industry, CAP and its associated persons have been named as respondents in certain regulatory proceedings.

Certain Regulatory Matters and Customer Arbitrations

Customer Arbitrations and Complaints

There are no pending customer arbitrations or complaints pertaining to DPEC Capital or any of its associated persons.

Item 1A. Risk Factors

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item. However, our current risk factors are set forth in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 30, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuances of Shares, Options and Warrants

During the three months ended March 31, 2016, the Company issued 1,140,644 common shares at $2.50 per share to accredited investors for cash proceeds of $2,851,610. Commissions in the form of cash of $285,161 and 98,378 warrants to purchase common stock at $2.50 per share valued at $84,105 were paid to DPEC Capital, Inc., the Company's registered broker dealer subsidiary who acted as placement agent in connection with these share issuances. DPEC Capital, Inc., in turn, awarded such warrants to its registered representatives who all had sufficient knowledge and experience in financial, investment and business matters to be capable of evaluating the merits and risks of investment in the Company and able to bear the risk of loss. For this sale of securities, no general solicitation was used and the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on October 8, 2015.

During the three months ended March 31, 2016, the Company issued 30,700 shares of common stock at $2.50 per share to employees for the 401(k) profit sharing plan. There were 350,000 shares of restricted stock with a grant date value of $2.50 per share issued in connection with the Company's entry into a consulting agreement. Additionally, 37,700 shares of common stock were issued in exchange of certain convertible notes and related accrued interest with an aggregate carrying value of $75,433.

On January 1, 2016, the Company issued 37,700 shares of the Company's common stock at $2.00 per share in consideration of principal and interest of $50,000 and $25,433, respectively, related to the 12.5% Notes to accredited investors. For this sale of securities, no general solicitation was used and the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed for these transactions on October 22, 2014.

On January 11, 2016, the Company issued 350,000 shares of common stock subject to vesting to Maxim Group LLC ("Maxim"), an accredited investor, in connection with the entry into agreement with Maxim for general financial advisory and investment banking services. For this sale of securities, no general solicitation was used and the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. No Form D was filed with the SEC for this transaction.

On April 18, 2016, in connection with an investor relations consulting agreement, the Company issued a warrant to MZHCI LLC, an accredited investor, to purchase up to 75,000 shares of common stock of the Company at an exercise price of $2.50, a term of three years, and a cashless exercise option. For this sale of securities, no general solicitation was used and the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. No Form D was filed with the SEC for this transaction.

There were no stock options granted during the three months ended March 31, 2016 and 2015.

Other than previously reported, there have been no unregistered sales of equity securities during the three month period ended March 31, 2016.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine and Safety Disclosure

Not applicable.

Item 5. Other Information

On April 8, 2016, the Company entered into an Investor Relations Consulting Agreement (the "Agreement") with MZHCI LLC ("MZHCI") to provide consulting services with respect to financial markets and exchanges, competitors, business acquisitions and other related matters.

The Agreement is for a term of 12 months, with either party able to terminate after six months with at least 30 days' prior notice to the other party. AWLD will pay MZHCI $6,500 on the first day of each month in addition to ordinary expenses as incurred by MZHCI. Also, MZHCI will receive warrants to purchase up to 150,000 shares of the Company's common stock with an exercise price of $2.50, a term of three years, and a cashless exercise option. The first warrant for 75,000 shares will be issued 10 days from the date of the Agreement and will vest three months from the date of the Agreement. The second warrant for 75,000 shares will be issued on the six month anniversary of the date of the Agreement and vest three months from such date. The common shares underlying the warrants will be subject to registration rights upon an initial public offering or other public offering.

Item 6. Exhibits

The following is a complete list of exhibits filed as part of this Form 10-Q. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-K.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation filed September 30, 2013(1)
3.2	Amended and Restated Bylaws(1)
3.3	Amended and Restated Certificate of Designation of the Series A Preferred filed September 30, 2013(1)
10.1	Letter Agreement between Maxim Group, LLC and the Company, dated January 11, 2016(2)
10.2	Investor Relations Consulting Agreement between MZHCI, LLC and the Company, dated April 8, 2016*
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S. C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act.**
32	Certification of Chief Financial Officer pursuant to 18 U.S. C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act**
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

(1) Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Form 10 dated May 14, 2014.

(2) Incorporated by reference to the Company's Annual Report on Form 10-K dated March 30, 2016, as amended on March 31, 2016.

* Filed herewith.

** Furnished and not filed herewith.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 16, 2016

ALGODON WINES & LUXURY DEVELOPMENT GROUP, INC.

By: */s/ Scott L. Mathis*
Scott L. Mathis
Chief Executive Officer

By: */s/ Maria Echevarria*
Maria Echevarria
Chief Financial Officer and Chief Operating Officer

Investor Relations Consulting Agreement

THIS CONSULTING AGREEMENT ("Agreement") is made this 8th day of April, 2016 by and between Algodon Wines & Luxury Development Group (VINO) (hereinafter referred to as the "Company" or "VINO"), and MZHCI, LLC, a MZ Group Company (hereinafter referred collectively as the "Consultant" or "MZHCI").

EXPLANATORY STATEMENT

The Consultant affirms that it has successfully demonstrated financial and public relations consulting expertise, and possesses valuable knowledge, and experience in the areas of business finance and corporate investor/public relations. The Company believes that the Consultant's knowledge, expertise and experience would benefit the Company, and the Company desires to retain the Consultant to perform consulting services for the Company under this Agreement.

NOW, THEREFORE, in consideration of their mutual agreements and covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the affixation by the parties of their respective signatures below, the parties agree as follows:

Consulting Services

1.1 MZHCI agrees that for a period of twelve (12) months commencing on the 12th day of April 2016, the Consultant will reasonably be available during regular business hours to advise, counsel and inform designated officers and employees of the Company as it relates to financial markets and exchanges, competitors, business acquisitions and other aspects of or concerning the Company's business about which MZHCI has knowledge or expertise.

1.2 MZHCI shall render services to the Company as an independent contractor, and not as an employee. All services rendered by MZHCI on behalf of the Company shall be performed to the best of MZHCI's ability in concert with the overall business plan of the Company and the goals and objectives of the Company's management and Board of Directors, including articulating VINO's investment story and highlights; building and maintaining relationships with supporters of the stock, including institutional investors and sell-side analysts; increasing the Company participation in investment conferences focused on mobile technology and small-cap companies; achieving a fair market value for the Company's stock; and significantly increasing the Company' s exposure in the financial market.

MZHCI Initial_________ COMPANY Initial_________

I. Scope of Services, Programs and Deliverables

MZHCI will develop, implement, and maintain an ongoing stock market support system for VINO with the general objective of expanding awareness in VINO among stockbrokers, analysts, small-cap portfolio/fund managers, market makers, and the appropriate financial & trade publications.

1. SHAREHOLDER COMMUNICATIONS

A. Consultant will understand the financials and all operating metrics of VINO in detail, facilitating interactions with new and current investors.
B. Consultant will provide 2 pager, PPT, and full website implementation.
C. Consultant will send welcome letter to initiate relationship with key shareholders + stakeholders.
D. Consultant will review all Press Releases for all material events: assist management in articulating all material operating and financial events. Disseminate news to investor + media database.
E. Consultant will provide a Senior Account Manager and single point of contact for all investors. Streamlines all communication and IR functionality.
F. Consultant will conduct a perception study: contact shareholders/analysts and prospective investors on a quarterly basis to gather feedback on their views of how the business is evolving and management's execution relative to expectations.
G. Consultant will host all earnings conference calls. Logistics, script, and rehearsal sessions, including FAQs. Moderate call and manage the investor question queue.

2. INVESTMENT COMMUNITY OUTREACH

MZ will implement an ongoing stock market support system for VINO with the general objective of expanding awareness among stockbrokers, analysts, small-cap portfolio/fund managers, market makers, and the appropriate financial & trade publications.

A. Consultant will provide roadshow coaching with objective analysis and recommendations to improve management's presentation delivery.
B. Consultant will make introductions to targeted investors worldwide utilizing a proprietary, robust database:

    i. Equity Brokers
    ii. Analysts (both generalists and industry specialists)
    iii. Portfolio Managers/Institutions
    iv. High Net Worth Investors
    v. Market Makers
    vi. Financial Publications

C. Consultant will organize Non-Deal Roadshows throughout the next twelve months. MZHCI provides complete intelligence pre and post meeting and has a trained professional to accompany management. This will include Australia and other countries if appropriate.
D. Consultant will organize Virtual Non-Deal Roadshows throughout the next twelve months – Live investor presentations webcast from management's locale. This will be by invitation only and participants will be comprised of shareholders, institutional and retail investors, and buy/sell side analysts.
E. Consultant will screen all North American investment firms for upcoming financial conferences and select those that would be appropriate for VINO. Work to secure invitations. Consultant will endeavor to obtain at least two invitations.

MZHCI initials: ________ Company initials: ________

3. FINANCIAL MEDIA RELATIONS

Targeted media relations offer an important segment to the corporate story. MZHCI will target media opportunities that highlight VINO's strategy, growth objectives, board of directors, developments and milestones related to its business. Services include:

A. Targeted media programs
B. Strategic counsel
C. Release drafts and media targets
D. Q&A to support significant corporate developments
F. Feedback after interviews

Trade Magazines & Journals - Investors, business partners, customers, and business reporters utilize the industry press as a valued source of information. MZHCI will raise awareness for VINO's business and technologies, and news events related to growth performance, partnership deals, and significant product advances in qualified trade magazines and journals.

Business & Financial Media – MZHCI will identify the optimal news, corporate, and industry trends that will provide angles in the business/financial media and then actively pursue those opportunities with the appropriate reporter(s).

MZHCI Branded Distribution – Company will be featured in MZHCI Newsletter which is distributed eight times per year to over 25,000 investors worldwide.

PUBLIC MARKET INSIGHT

MZHCI will counsel and educate the Company's senior management on the life cycle of the financial markets and most importantly how the Company is impacted directly and indirectly by different variables. The Team at MZHCI leverages its collective expertise on all aspects of strategic financial, corporate and crisis communications gain through representing over 200 public companies. MZHCI will help the Company set and manage expectations while relaying valuation metrics, perceptions, and methodologies utilized by investment professionals. This consulting aspect of MZHCI's business is extremely valuable for management to optimize key opportunities and to avoid pitfalls.

As part of its ongoing commitment and partnership with the Company, MZHCI will educate the Company's senior management on the importance of establishing conservative expectations and how various corporate actions may be perceived and impact the public market. MZHCI can also help access acquisition candidates plus discuss the financial impacts and longer term implications.

MZHCI initials: ________ Company initials: ________

II. Agenda

Timeline

FIRST 30 DAYS

A. Spend adequate time with management to understand the business/growth plan, financial forecasts, capital expenditure, and cash flow projections.
B. Create a two-page *Corporate Profile,* which clearly articulates VINO's current business and financial position, as well as its strategy for future growth. This is an important marketing piece for investors to quickly learn about the company.
C. Review and update PowerPoint presentation. MZHCI will utilize proprietary research, feedback from conversations and meetings to incorporate and improve the Investor PowerPoint and message delivery. *UPDATED AT LEAST ONE TIME PER QUARTER.*
D. Assist and provide input for all corporate press releases including both creation and ongoing revisions. We will assist by providing additional fact finding and other market research which will help the context and delivery of the message.
E. Include VINO on MZ Newsletter and www.mzgroup.us website within two weeks.
F. Counsel senior management on all aspects of the capital markets and most importantly how VINO is impacted directly and indirectly by different economic variables. The goal is to enable management to optimize key opportunities and to avoid pitfalls, both of which have long-term positive implications.
G. Host Virtual Road Shows for management with goal of having at least 20-25 new investment professionals joining during each event. Alternate schedules between these events and traditional Road Shows to continue growing a pipeline of new and interested investors.
H. Develop initial target list and begin making introductions to investment professionals and investors while seeding and confirming meetings for upcoming Road Shows. Practice and refine presentation with management team.
- Target brokers, fund managers, Buy and Sell Side Analysts, and high net worth investors which follow companies with a similar profile to VINO

I. Provide a detailed description of each contact prior to each meeting. During the meetings and/or conference calls a member of MZHCI will be available to facilitate the correspondence and assist with due diligence. Management will be provided with a summary of feedback including MZHCI's suggestions for improvements on both the context and delivery of the Company's story.

DAYS 30-60

A. Target brokerage firms who hold conferences which would be applicable for VINO. Establish a goal of having management present in at least 3 new conferences. These would be non-paid for and have high institutional attendance, in addition to high net worth investors. Additionally, MZHCI will seek opportunities to present to brokers directly at firms for both teach-ins and small events.
B. Formalize a Press Release calendar (queue) for coming three months. Create and release accordingly to the market and simultaneously to current and prospective investors inboxes.
C. Include VINO where applicable in interviews with all financial online sites. Review and create media target list. Being to make introductions and follow-up.
D. Include VINO in all presentations where MZHCI representatives will speak on VINO's industry topics.
E. Continue outreach and road shows.

MZHCI initials: ________ Company initials: ________

DAYS 60-90

A. Formalize and continually update the database to ensure that all press releases are e-mailed to all interested professionals.
B. Target newsletter editors and publishers for favorable recommendations. Focus on Business Publications for appropriate stories on VINO product roll-out, unique carrier centric model, and key competitive advantages to investors and industry players. Follow-up accordingly with all interested parties with a goal of receiving a new piece of media coverage at least 1x per quarter.
C. Schedule and book out Road Shows.
D. Conduct and host quarterly and annual earnings call. This will include full script creation, Q&A/FAQ compilation and practice. Incorporate feedback and key concepts into prepared remarks. Schedule the call, including webcast and generate a press release to notify shareholders of conference call (it should be released at least 7 days prior to call date). Call outs to maximize attendance and gather feedback to improve ongoing public correspondence.

ONGOING – These services will be provided ongoing with a summary included in each quarterly update

A. Respond to all investor requests and calls in a timely manner to facilitate the distribution of corporate information. Focus on educating shareholders, with the premise that an informed investor will become a longer term investor.
B. Formalize and continually update the database to ensure that all press releases are e-mailed to all interested professionals. This includes the input of notes to keep track of all investor correspondence and reminder calls to all investor prior to earnings conference calls.
C. Provide consulting services to VINO management on the public markets
D. Provide progress reports to senior management and evaluate achievements with a monthly summary of activities and a detailed report every quarter.

Many of the above items will occur simultaneously but certain items will have chronological priority over others. As VINO grows, MZHCI will recommend changes to the Agenda that complement its growth. As the Company continues to execute its strategic plan by winning new customers and expanding its base of business we will target an expanded universe of institutional investors. At each stage of growth, the appropriate approach to the market will be incorporated into the agenda for optimal results.

Assuming that management's efforts are leading ultimately to success and greater profitability, the end results of this financial communication and awareness campaign should be:

A. An increase in the number of financial professionals (including brokers, institutions and analysts) and individual investors well educated and knowledgeable about VINO: including senior management, the company's products, and its current financial condition & growth opportunities.
B. An increase in the number of articles printed in both trade and financial publications.
C. An increase in the liquidity of the common stock.
D. An increase in VINO market capitalization coupled with a broader, more diverse shareholder base.
E. Suitable and better access to the capital markets, which will facilitate future acquisitions and working capital needs.

MZHCI initials: ________ Company initials: ________

III. Term

This Agreement becomes effective upon execution, and shall remain effective for a period of twelve (12) months from that date. After the initial six (6) months of the term, this Agreement be terminated by either party by delivery of written notice of termination to the other at least thirty (30) days prior to the end of the six (6) month term. In the event that this agreement is not terminated at the end of the initial 6 month period, this agreement shall continue through the life of the agreement.

IV. Compensation

Cash $6,500 per month payable on the first day of each month.

Equity The Company will issue a warrant to purchase up to 150,000 shares of common stock covering a 12 month service period. The first warrant to purchase 75,000 will issued within 10 days of the contract date with a strike price at $2.50 and will vest in 3 months from the contract date. The second warrant to purchase 75,000 will be issued at the 6 month anniversary date with a strike price at $2.50 and will vest in 3 months from the 6 month anniversary date. The common shares underlying the warrants will be registered no later than 12 months from the date of the IPO or public offering. The warrants will include a cashless provision and collectively expire 3 years from the date the first offering is completed.

Expense Reimbursement Only expenses that would ordinarily be incurred by the Company will be billed back on a monthly basis. Applicable reimbursements would include: creation, printing and postage for investor packages, fees for news wire services. Any packages requiring additional photocopying/ printing will be billed back to the Company at cost (with no mark-up). Any extraordinary items, such as broker lunch presentations, air travel, hotel, ground transportation or media campaigns, etc. shall be paid by the Company, only with Company authorization prior to incurring any expenses.

V. Prior Restriction

MZHCI represents to the Company that it is not subject to, or bound by, any agreement which sets forth or contains any provision, the existence or enforcement of which would in any way restrict or hinder MZHCI from performing the services on behalf of the Company that MZHCI is herein agreeing to perform.

Neither MZHCI nor any consultant it utilizes in connection with the services hereunder shall provide any service to, or contract with any direct competitor of the Company during the Term of this Agreement (including any extensions thereof) or for a period of ninety (90) days thereafter.

MZHCI initials: ________ Company initials: ________

VI. Assignment

This Agreement is personal to MZHCI and may not be assigned in any way by MZHCI without the prior written consent of the Company. Subject to the foregoing, the rights and obligations under this Agreement shall inure to the benefit of, and shall be binding upon, the heirs, legatees, successors and permitted assigns of MZHCI and upon the successors and assigns of the Company.

VII. Confidentiality

Except as required by law or court order, MZHCI will keep confidential any trade secrets or confidential or proprietary information of the Company which are now known to MZHCI or which hereinafter may become known to MZHCI and MZHCI shall not at any time directly or indirectly disclose or permit to be disclosed any such information to any person, firm, or corporation or other entity, or use the same in any way other than in connection with the business of the Company and in any case only with prior written permission of VINO. For purposes of this Agreement, "trade secrets or confidential or proprietary information" includes information unique to or about the Company including but not limited to its business and is not known or generally available to the public.

Any confidential material held by Consultant will be returned to Company within one calendar month of the expiration or termination of this agreement.

Any confidential information should not be disclosed by Consultant for a period of five (5) years subsequent to the termination of this agreement.

VIII. Default

1. Except for a claim or controversy arising under Section VIII of this Agreement, any claim or controversy arising under any of the provisions of this Agreement shall, at the election of either party hereto, be determined by arbitration in California in accordance with the rules of the American Arbitration Association. The decision of the Arbitrator shall be binding and conclusive upon the parties. Each party shall pay its own costs and expenses in any such arbitration. The prevailing party shall be entitled to reimbursement of all fees incurred, including attorney, filing, travel and anything associated with the arbitration.

2. In the event that MZHCI commits any material breach of any provision of this Agreement, as determined by the Company in good faith, the Company may, by injunctive action, compel MZHCI to comply with, or restrain MZHCI from violating, such provision, and, in addition, and not in the alternative, the Company shall be entitled to declare MZHCI in default hereunder and to terminate this Agreement and any further payments hereunder.

3. Since MZHCI must at all times rely upon the accuracy and completeness of information supplied to it by the Company's officers, directors, agents, and employees, the Company agrees to indemnify, hold harmless, and defend MZHCI, its officers, agents, and employees at the Company's expense, against any proceeding or suit which may arise out of and/or be due to any material misrepresentation in such information supplied by the Company to MZHCI (or any material omission by the Company that caused such supplied information to be materially misleading).

4. MZHCI agrees to indemnify, hold harmless and defend the Company, its officers, directors, employees and agents from and against any and all claims, actions, proceedings, losses, liabilities, costs and expenses (including without limitation reasonable attorney's fees) incurred by any of them in connection with, as a result of, and or due to any actions or inactions or misstatements by MZHCI, its officers, agents, or employees regarding or on behalf of the Company whether as a result of rendering services under this agreement or otherwise.

MZHCI initials: ________ Company initials: ________

IX. Severability and Reformation

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision were never a part hereof, and the remaining provisions shall remain in full force and shall not be affected by the illegal, invalid, or unenforceable provision, or by its severance; but in any such event this Agreement shall be construed to give effect to the severed provision to the extent legally permissible.

X. Notices

Any notices required by this Agreement shall (i) be made in writing and delivered to the party to whom it is addressed by hand delivery, by certified mail, return receipt requested, with adequate postage prepaid, or by courier delivery service (including major overnight delivery companies such as Federal Express and UPS), (ii) be deemed given when received, and (iii) in the case of the Company, be mailed to its principal office at Algodon Wines & Luxury Development Group, 135 Fifth Avenue, 10 th Floor, New York, NY 10010; and in the case of MZHCI, be mailed to MZHCI, LLC, 5055 Avenida Encinas, Suite 130, Carlsbad, CA 92008.

XI. Miscellaneous

1. This Agreement may not be amended, except by a written instrument signed and delivered by each of the parties hereto.
2. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, and all other agreements relating to the subject matter hereof are hereby superseded.
3. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

In Witness Whereof, the parties have executed this Consulting Agreement as of the day and year first above written.

AGREED:

MZHCI, LLC	**Algodon Wines & Luxury Development Group**
By: *Is/ Ted Haberfield*	By: */s/ Scott Mathis*
Ted Haberfield, President	Scott Mathis, Chairman & CEO
Date: April 15, 2016	Date: April 14, 2016

MZHCI initials: ________ Company initials: ________

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Scott L. Mathis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Algodon Wines & Luxury Development Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 16, 2016

/s/ Scott L. Mathis
Name: Scott L. Mathis
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Maria Echevarria, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Algodon Wines & Luxury Development Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 16, 2016

/s/ Maria Echevarria
Name: Maria I. Echevarria
Title: Chief Financial Officer
(Principal Executive Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Algodon Wines & Luxury Development Group, Inc. (the "Company's Quarterly Report") on Form 10-Q for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott L. Mathis, as Chief Executive Officer and principal executive officer and Maria I. Echevarria, as Chief Financial Officer and principal financial officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer and Principal Executive Officer

Dated: May 16, 2016

/s/ Maria I. Echevarria
Maria I. Echevarria
Chief Financial Officer and Principal Financial Officer

Dated: May 16, 2016

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.