SECURE ALLIANCE HOLDINGS CORP
Form PRER14A
April 02, 2008

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule14a-6(e)(2))

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule 14a-12

Secure Alliance Holdings Corporation
(Name of Registrant as Specified in Its Charter)

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

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

(1) Title of each class of securities to which transaction applies: Common Stock, par value $.01 per share, of Secure Alliance Holdings Corporation

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(2) Aggregate number of securities to which transaction applies: 38,899,018 shares of common stock

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

The filing fee was determined by multiplying 38,899,018 shares of common stock to be transferred under the Merger Agreement by $0.65, the market price of each share as of February 29, 2008, divided by 50 and further divided by 100.

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(4) Proposed maximum aggregate value of transaction: $25,284,361

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(5) Total fee paid: $5,056.98

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x Fee paid previously with preliminary materials:

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

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(1) Amount previously paid:

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

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(3) Filing Party:

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(4) Date Filed:

Secure Alliance Holdings Corporation
5700 Northwest Central Dr, Ste 350
Houston, Texas 77092

_____, 2008

To our stockholders:

You are cordially invited to attend a special meeting of stockholders of Secure Alliance Holdings Corporation to be held at _____ on _____ __, 2008 at __:__ _.m., local time. At this meeting, we intend to seek stockholder approval of the following:

1. The Agreement and Plan of Merger dated as of December 6, 2007 by and among Sequoia Media Group, LC, Secure Alliance Holdings Corporation and SMG Utah, LC, as amended by that certain Amendment No. 1 dated as of March 31, 2008 (collectively, the "Merger Agreement");

2. An amendment to our certificate of incorporation to effect a 1-for-2 reverse stock split of our common stock, par value $.01 per share, such that holders of our common stock will receive one share for each two shares they own;

3. An amendment to our certificate of incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 250,000,000 and to authorize a class of preferred stock consisting of 50,000,000 shares of $.01 par value preferred stock;

4. An amendment to our certificate of incorporation to change our name from "Secure Alliance Holdings Corporation" to "aVinci Media Corporation";

5. Our 2008 Stock Incentive Plan;

6. To approve adjournments of the special meeting if deemed necessary to facilitate the approval of the above proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting, to establish a quorum or to approve the above proposals; and

7. To transact such other business as may properly be brought before the special meeting or any adjournment or postponement thereof.

Our board of directors has unanimously approved all of the proposals described in the proxy statement and is recommending that stockholders also approve them.

Please review in detail the attached proxy statement for a more complete statement regarding the proposal to approve the Merger Agreement (proposal 1 in the proxy statement), including a description of the Merger Agreement, the background of the decision to enter into the Merger Agreement and the reasons that our board of directors decided to recommend that you approve the Merger Agreement.

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Your vote is very important to us, regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please vote as soon as possible to make sure your shares are represented at the meeting.

On behalf of our board of directors, I thank you for your support and urge you to vote "FOR" each of the proposals described in the proxy statement.

By Order of the Board of
Directors,

Stephen P . Griggs
President

Houston, Texas, _____ __, 2008

The notice and proxy statement are first being mailed to our stockholders on or about _____ __, 2008.

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Secure Alliance Holding Corporation
5700 Northwest Central Dr, Ste 350
Houston, Texas 77092

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____ __, 2008

To our stockholders:

A special meeting of stockholders of Secure Alliance Holdings Corporation, a Delaware corporation (the "Company" or "Secure Alliance") will be held at _____ on _____ __, 2008 at __:__ _.m., local time (the "Special Meeting"). At this meeting you will be asked:

1. To consider and to vote on a proposal to approve the Agreement and Plan of Merger dated as of December 6, 2007, by and among Sequoia Media Group, LC, a Utah limited liability company ("Sequoia"), Secure Alliance and SMG Utah, LC, a Utah limited liability company and wholly owned subsidiary of Secure Alliance ("Merger Sub"), as amended by that certain Amendment No. 1 dated as of March 31, 2008 (collectively, the "Merger Agreement"), each of which are attached as Annex A to the proxy statement, pursuant to which Merger Sub will merge with and into Sequoia with Sequoia becoming the surviving entity and our wholly owned subsidiary (the "Merger");

2. To consider and to vote on a proposal to file a certificate of amendment to our certificate of incorporation (the "Certificate of Incorporation") to effect a 1-for-2 reverse stock split (the "Reverse Stock Split") of our common stock, par value $.01 per share (the "Common Stock"), such that holders of our Common Stock will receive one share for each two shares they own (the "Reverse Stock-Split Proposal");

3. To consider and to vote on a proposal to file a certificate of amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 100,000,000 to 250,000,000 and to authorize a class of preferred stock consisting of 50,000,000 shares of $.01 par value preferred stock (the "Capitalization Proposal");

4. To consider and to vote on a proposal to file a certificate of amendment to our Certificate of Incorporation to change our name (the "Name Change") from "Secure Alliance Holdings Corporation" to "aVinci Media Corporation" (the "Name Change Proposal" and, together with the Reverse Stock Split Proposal and the Capitalization Proposal, the "Related Proposals");

5. To approve our 2008 Stock Incentive Plan (the "2008 Plan");

6. To approve adjournments of the Special Meeting if deemed necessary to facilitate the approval of the above proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting, to establish a quorum or to approve the above proposals; and

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7. To transact such other business as may properly be brought before the Special Meeting or any adjournment or postponement thereof.

Our board of directors has unanimously approved, and recommends that an affirmative vote be cast in favor of, each of the proposals listed on the proxy card and described in the enclosed proxy statement.

Only holders of record of our Common Stock at the close of business on _____ __, 2008 (the "Record Date"), will be entitled to notice of and to vote at the Special Meeting or any adjournment thereof.

You are urged to review carefully the information contained in the enclosed proxy statement prior to deciding how to vote your shares at the Special Meeting.

Because of the significance of the Merger, your participation in the Special Meeting, in person or by proxy, is especially important. We hope you will be able to attend the Special Meeting.

Whether or not you plan to attend the Special Meeting, please complete, sign, date, and return the enclosed proxy card promptly.

If you attend the Special Meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Simply attending the Special Meeting, however, will not revoke your proxy; you must vote at the Special Meeting. If you do not attend the Special Meeting, you may still revoke your proxy at any time prior to the Special Meeting by providing a later dated proxy or by providing written notice of your revocation to our Secretary. Your prompt cooperation will be greatly appreciated.

The notice and proxy statement are first being mailed to stockholders on or about _____ __, 2008.

Please follow the voting instructions on the enclosed proxy card to vote either by mail, telephone or electronically by the Internet.

By Order of the Board of
Directors,

Stephen P . Griggs
President

Houston, Texas

_____ __, 2008

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Annexes

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SUMMARY TERM SHEET

The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that item. In this proxy statement, the terms "Secure Alliance," "Company," "we," "our," "ours," and "us" refer to Secure Alliance Holdings Corporation, a Delaware corporation, its subsidiaries, and the term "Sequoia" refers to Sequoia Media Group, LC, a Utah limited liability company.

The Special Meeting (Page 19)

Purpose of the Special Meeting (Page 19)

The purpose of the Special Meeting is to vote upon the approval of the Merger Agreement, the Related Proposals and the 2008 Plan, and such other business as may properly be brought before the Special Meeting and any adjournment or postponement thereof.

Record Date and Quorum (Page 19)

You are entitled to vote at the Special Meeting if you owned shares of Common Stock at the close of business on _____, 2008, the Record Date. You will have one vote for each share of Common Stock that you owned on the Record Date. As of the Record Date, there were _____ shares of Common Stock outstanding and entitled to be voted.

A quorum of the holders of the outstanding shares of Common Stock must be present for the Special Meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of Common Stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

Required Vote (Page 19)

For us to consummate the transactions contemplated by the Merger Agreement, including the Related Proposals, stockholders holding at least a majority of our Common Stock outstanding at the close of business on the Record Date must vote "FOR" the approval and adoption of the Merger Agreement and each of the Related Proposals. All of our stockholders are entitled to one vote per share. A failure to vote your shares, an abstention, or a broker non-vote, will have the same effect as a vote against approval of the Merger Agreement and against the Related Proposals. Approval of the 2008 Plan and the proposal to adjourn the Special Meeting, if necessary or appropriate, requires the favorable vote of a majority of the votes cast at the Special Meeting, in person or by proxy, even if less than a quorum is present.

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Proxies; Revocation (Pages 19 and 20)

Any registered stockholder (meaning a stockholder that holds stock in its own name) entitled to vote may submit a proxy by telephone or the Internet (by following the instructions included on your proxy card) or by returning the enclosed proxy card by mail, or may vote in person by appearing at the Special Meeting. If you elect to submit your proxy by telephone or via the Internet, you will need to provide a personal identification number set forth on the enclosed proxy card upon which you will be provided the option to vote "for," "against" or "abstain" with respect to each of the proposals. All valid proxies received prior to the Special Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted "FOR" the Merger Agreement, "FOR" the Related Proposals, "FOR" the 2008 Plan and as the proxy holders may determine in their discretion with respect to any other matters that properly come before the Special Meeting.

If your shares are held in "street name" by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker. If you do not provide your broker with instructions, your shares will not be voted and that will have the same effect as a vote against the Merger and the Related Proposals.

Any registered stockholder who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted in any one of the following ways:

- filing with or transmitting to our Secretary at our principal executive offices, at or before the Special Meeting, an instrument or transmission of revocation that is dated a later date than the proxy;
- sending a later-dated proxy relating to the same shares to our Secretary at our principal executive offices, at or before the Special Meeting;
- submitting a later-dated proxy by the Internet or by telephone, at or before the Special Meeting; or
- attending the Special Meeting and voting in person by ballot.

Simply attending the Special Meeting will not constitute revocation of a proxy. If you have instructed your broker to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by your broker to change your instructions.

The Parties (Pages 22 and 60-61)

Secure Alliance Holdings Corporation

We are a Delaware corporation which, through our wholly owned subsidiaries, developed, manufactured, sold and supported automated teller machine ("ATM") products and electronic cash security systems, consisting of Timed Access Cash Controller ("TACC") products and Sentinel products (together, the "Cash Security" products).

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We completed the sale of our ATM business on January 3, 2006 and the sale of our Cash Security business on October 2, 2006. On October 2, 2006, we became a shell public company with approximately $12.9 million in cash, cash equivalents and marketable securities held-to-maturity.

Before the sale of our Cash Security and ATM businesses, we were primarily engaged in the development, manufacturing, sale and support of ATM products and the Cash Security products, which were designed for the management of cash within various specialty retail markets.

Following the sale of our Cash Security and ATM businesses, we have had substantially no operations.

Sequoia Media Group, LC

Sequoia is a Utah limited liability company organized on March 28, 2003 under the name Life Dimensions, LC. In 2003, Sequoia changed its name from Life Dimensions, LC to Sequoia Media Group, LC. Sequoia's operations are currently governed by a Board of Managers made up of five managers, three of whom are the original founders and two of whom were appointed as part of a private equity investment. Substantially all of its business is conducted out of its Draper, Utah office. Sequoia also has an office in Bentonville, Arkansas to help service Wal-Mart Stores, Inc., ("Wal-Mart"), which is one of its large retail customers.

Sequoia has developed and deployed a software technology that employs "Automated Multimedia Object Models," its patent pending way of turning consumer captured images, video, and audio into complete digital files in the form of full-motion movies, DVD's, photo books, posters and streaming media files. Sequoia filed its first provisional patent in early 2004 for patent protection on various aspects of its technology with a full filing occurring in early 2005, and Sequoia has filed several patents since that time as part of its intellectual property strategy. Sequoia's technology carries the brand names of "aVinci" and "aVinci Experience."

Since inception, Sequoia has continued to develop and refine its technology to be able to provide higher quality products through a variety of distribution models including in-store kiosks, point of scan kits, and online downloads. Sequoia's business strategy has been to avoid providing traditional multimedia tools and services that focus on providing software for users to purchase and learn how to use so that they can build their own products, and instead provide a product solution that provides users with professionally created templates to be able to automatically create personalized products by simply adding end customer images.

Sequoia currently makes software technology that it packages in various forms available to mass retailers, specialty retailers, Internet portals and web sites that allow end consumers to use an automated process to create products such as DVD productions, photo books, posters, calendars, and other print media products from consumer photographs, digital pictures, video, and other media. Sequoia's customers are retailers and other vendors and not end consumers. Sequoia enables its customers to sell its products to the end consumer who remain customers of its vendor and do not become its customers directly. Sequoia currently delivers its technology to end consumers through (i) third party photo kiosks at mass and specialty retail outlets, (ii) point of scan shrink wrapped software at mass and specialty retail outlets, (iii) simple software downloads through third party Internet sites, (iv) simple software downloads though its own managed Internet site to which third party Internet sites are linked, and (v) on its own managed web servers on the world wide web to which third party Internet sites are linked.

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The Merger (Page 89)

The proposed Merger will result in (i) the merger of Merger Sub with and into Sequoia, with Sequoia becoming the surviving entity and our wholly owned subsidiary, pursuant to the Merger Agreement, as amended, and (ii) each Sequoia membership interest automatically converting into the right to receive 0.87096285 shares of our Common Stock after giving effect to the Reverse Stock Split (the "Merger Consideration"). Accordingly, as a result of the Merger, each member of Sequoia prior to the Merger will have their Sequoia membership interests converted into shares of Secure Alliance and will be stockholders of Secure Alliance after the Merger. The total value of the Merger Consideration is approximately $46.0 to 48.0 million. Immediately following the Merger, the members of Sequoia, in the aggregate, will own approximately 80% or an aggregate of approximately 38,899,018 post-split shares of our Common Stock. Our stockholders as of the Record Date will own the remaining approximately 20% of Common Stock in the combined company. As a result of the Merger, the combined company will consist of Secure Alliance's assets, which are primarily cash and cash equivalents, as well as all of Sequoia's assets, business and operations. For more information on the business operations of Sequoia, see "The Transactions – Information Related to Sequoia" and "The Transactions – Sequoia's Management's Discussion and Analysis of Financial Condition and Results of Operations."

On March 31, 2008, we amended the Merger Agreement to, among other things, (i) effect a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split, (ii) provide that, immediately prior to the effectiveness of the Merger, we will declare and pay to our stockholders existing as of the Record Date, a cash dividend equal to approximately $2.0 million (the "Dividend") instead of distributing to stockholders common stock of a newly formed company with certain enumerated assets that were to be transferred to it by the Company, (iii) amend the amount of the proposed Merger Consideration to be provided under the Merger Agreement, such that each issued and outstanding Sequoia equity interest will automatically be converted into the right to receive 0.87096285 shares of our Common Stock instead of the right to receive 0.5806419 shares of our Common Stock, which adjustment was made to account for the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split, and (iv) remove the closing condition that we have not less than $9.8 million in net cash or cash equivalents. The Merger Agreement was amended to provide for a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split primarily to ensure sufficient shares were available in the public float to help avoid large pricing fluctuations. The Merger Consideration was adjusted as a result of the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split to provide for no change to the respective equity ownership levels following the Merger. The distribution to stockholders in the form of the Dividend was reduced slightly from the distribution originally contemplated in exchange for the removal of the closing condition that we will have not less than $9.8 million in net cash or cash equivalents.

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Reasons for the Merger (Page 26)

Our board of directors (the "Board") approved the Merger and Related Proposals based on a number of factors, including among other things:

- we have been a shell public company since October 2006 with substantially no operations or employees and Sequoia can provide an experienced management team and operating business;
- at the time the Merger Agreement was signed, the Board received no other firm merger proposals or strategic alternatives to improve the Company's financial position;
- the Board received a fairness opinion from Ladenburg Thalmann & Co. Inc. ("Ladenburg") which stated that based upon and subject to the considerations and assumptions set forth in such opinion, the Merger Consideration given to members of Sequoia is fair, from a financial point of view, to our stockholders;
- the Company has the ability to engage in discussion and negotiations with third parties that make unsolicited superior proposals; and
- a merger with Sequoia may improve stockholder value.

In addition, the Company weighed certain risks inherent with a merger transaction, including those described under "Risk Factors" beginning on page 29. Based on these factors, the Board determined that the Merger was in the best interests of our stockholders.

Effects of the Merger (Page 42)

Immediately following the Merger, the members of Sequoia will own on a nondiluted basis, in the aggregate, 38,899,018 post-split shares of our Common Stock and our current stockholders will own approximately 20% of the Company's outstanding Common Stock on a nondiluted basis. Although this represents substantial dilution of the percentage ownership interest of current stockholders, we will receive the benefit of Sequoia's operations as consideration in the Merger, since we have had substantially no operations since October 2006. We believe Sequoia has an equity value in the range of $40.2 million to $62.8 million, which upon consummation of the Merger will increase the value of Secure Alliance significantly. Following the Merger, we will have a total of 48,619,680 shares of Common Stock outstanding. In addition, in connection with the Merger, stockholders of Secure Alliance, prior to the effective date of the Merger, will receive the Dividend.

If the Merger Agreement is not approved and the Merger is not completed, our business may be adversely affected. The market price of our Common Stock may decline to the extent that the current market price reflects a market assumption that the Merger and the Related Proposals will be completed and many costs related to the Merger and the Related Proposals, such as legal, accounting, financial advisor and financial printing fees, have to be paid regardless of whether the Merger is completed.

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Interests of our Directors and Executive Officers in the Merger (Page 42)

Our directors and executive officers may have interests in the Merger that are different from, or in addition to, yours, including options to purchase 950,000 shares of Common Stock held by each of Jerrell G. Clay and Stephen P. Griggs, that, pursuant to the terms of the 1997 Long Term Incentive Plan will become fully vested upon the consummation of the Merger.

Opinion of Ladenburg (Page 42 and Annex B)

Ladenburg has delivered its opinion to our Board that, as of the date of its opinion and based upon and subject to the factors and assumptions set forth therein, the Merger Consideration is fair, from a financial point of view, to our unaffiliated stockholders. The Ladenburg opinion was based on a reverse stock split of 1-for-3 and the Merger Consideration of 0.5806419 shares of our Common Stock. Subsequently, we amended the Merger Agreement to provide for, among other things, a Reverse Stock Split of 1-for-2 with a corresponding change to the Merger Consideration and the distribution of a cash Dividend instead of distributing stock of a newly formed subsidiary with certain enumerated assets that were to be contributed to it by the Company. Ladenburg has not reviewed the amendment to the Merger Agreement. Although our Board believes the amendment to the Merger Agreement does not materially impact Ladenburg's fairness opinion, there can be no assurance that Ladenburg's opinion is still accurate.

The opinion of Ladenburg is addressed to the Board for their benefit and use and was rendered in connection with its consideration of the Merger and does not constitute a recommendation to any of our stockholders as to how to vote in connection with the Merger and Related Proposals. The opinion of Ladenburg does not address our underlying business decision to pursue the Merger, the relative merits of the Merger as compared to any alternative business strategies that might exist for us, the financing of the Merger or the effects of any other transaction in which the Company might engage. The full text of the written opinion of Ladenburg, dated November 29, 2007, which sets forth the procedures followed, limitations on the review undertaken, matters considered and assumptions made in connection with such opinion, is attached as Annex B to this proxy statement. We recommend that you read the opinion carefully in its entirety.

Indemnification and Insurance (Page 52)

The Merger Agreement provides that all rights to indemnification or exculpation existing in favor of the employees, agents, directors (including two former directors) or officers of the Company and our subsidiaries in effect on the date of the Merger Agreement, will continue in full force and effect for a period of six years after the Merger. Additionally, we will purchase a single payment, run-off policy or policies of directors' and officers' liability insurance covering such parties for a period of six years after the Merger. We will also indemnify and hold harmless such parties in respect of acts or omissions occurring at or prior to the closing of the Merger.

Loan Agreement with Sequoia (Page 52)

Pursuant to a Loan and Security Agreement ("Loan Agreement") dated as of December 6, 2007 by and between the Company and Sequoia, we have agreed to extend (and have extended) $2.5 million in secured financing to Sequoia. Under the terms of the Loan Agreement, Sequoia has agreed to pay interest on the loan at a rate per annum equal to 10%. Interest on the loan is payable on December 31, 2008, the scheduled maturity date. In addition, if the loan obligations have not been paid in full on or prior to the scheduled maturity date, a monthly fee equal to 10% of the outstanding loan obligations is payable to us by Sequoia on the last day of each calendar month for which the loan obligations remain outstanding.

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We entered into the Loan Agreement to provide Sequoia with additional capital for working capital purposes and to provide Sequoia with additional liquidity until the Merger. If the Merger is not approved, the Loan Agreement provides for Sequoia to repay the loan as set forth above, on the terms and conditions set forth in the Loan Agreement.

Material United States Federal Income Tax Consequences (Page 53)

We do not expect that the proposals will result in any federal income tax consequences to our stockholders. However, to the extent we declare and pay the Dividend, a portion of the distribution may be taxable as "qualified dividend income", generally taxable at a federal rate of 15%, to the extent paid out of a stockholder's pro rata share of our current or accumulated earnings and profits. Any portion of the distribution in excess of each holder's pro rata share of our earnings and profits will be treated first as a tax-free return of capital to the extent of each stockholder's tax basis in his, her or its shares of our Common Stock, with any remaining portion treated as capital gain. Non-United States holders of our Common Stock generally will be subject to withholding on the gross amount of the distribution at a rate of 30% or such lower rate as may be permitted by an applicable income tax treaty. Because individual tax circumstances of stockholders vary, stockholders should consult their own tax advisors regarding the tax consequences to them of the distribution.

Regulatory Approvals (Page 53)

We are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the Merger Agreement or completion of the Merger.

Exclusivity; No Solicitation of Transactions (Page 92)

The Merger Agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving the Company. Notwithstanding these restrictions, under certain limited circumstances required for our Board to comply with its fiduciary duties, our Board may respond to an unsolicited written bona fide proposal for an alternative transaction, change its recommendation in support of the Merger or terminate the Merger Agreement and enter into an agreement with respect to a superior proposal after paying a termination fee specified in the Merger Agreement.

Conditions to Merger (Page 95)

The Merger Agreement is subject to customary closing conditions including, among other things, (i) the approval of the Merger Agreement and Related Proposals by our stockholders as set forth in this proxy statement, (ii) the sufficiency of shares of our capital stock authorized to complete the Merger, and (iii) the accuracy of each party's representations and warranties.

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The approval of the 2008 Plan is not a condition to the consummation of the Merger, but is being proposed in connection with the Merger and will not be presented at the meeting for a vote if the Related Proposals that are conditions to the Merger are not approved or waived (where practical). If the Reverse Stock Split Proposal or the Capitalization Proposal is not approved, we cannot effect the Merger or the other transactions contemplated by the Merger Agreement because we will not have sufficient shares to issue to Sequoia to consummate the Merger. Accordingly, although each of Sequoia and us have the contractual right to waive these conditions, as a practical matter they may not both be waived. If the Name Change Proposal is not approved, absent a waiver by Sequoia and us, we cannot effect the Merger or the other transactions contemplated by the Merger Agreement.

Termination Fee (Page 92)

Should the Merger Agreement be terminated before consummation by the Company in connection with the Company's acceptance of a superior proposal, the Company has agreed to pay Sequoia a termination fee of $1,000,000 in cash under certain circumstances.

No Right of Appraisal (Page 119)

You will not experience any change in your rights as a stockholder as a result of the Merger or Related Proposals. None of Delaware law, our Certificate of Incorporation or our bylaws provides for appraisal or other similar rights for dissenting stockholders in connection with the Merger or the Related Proposals. Accordingly, you will have no right to dissent and obtain payment for your shares.

Board Composition and Management following the Merger (Page 53)

Upon completion of the Merger, Jerrell G. Clay, our Chief Executive Officer, and Stephen P. Griggs, our President, Chief Operating Officer, Principal Financial Officer and Secretary, will resign from the Company, but will remain directors on our Board. Following the merger, we expect our directors and executive officers to be as follows: Chett B. Paulsen, as President, Chief Executive Officer and director, Richard B. Paulsen, as Vice President, Chief Technology Officer and director, Edward B. Paulsen, as Secretary/Treasurer, Chief Operating Officer and director, Terry Dickson, as Vice President of Marketing and Business Development and Tod M. Turley and John E. Tyson as directors.

Reverse Stock Split Proposal (Page 101)

On or prior to the closing date of the Merger and subject to the approval of our stockholders, we will amend and restate our Certificate of Incorporation in order to effect the 1-for-2 Reverse Stock Split. The Reverse Stock Split is a condition to the consummation of the Merger to ensure a sufficient number of shares are available for issuance to Sequoia. The Reverse Stock Split will also have the effect of reducing the number of shares of Common Stock issued and outstanding, which may correspondingly increase the price per share of our Common Stock. If the Merger is not consummated, this proposal to amend our Certificate of Incorporation will not take effect. The form of amendment for the Reverse Stock Split Proposal is attached to this proxy statement as Annex C.

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Capitalization Proposal (Page 103)

On or prior to the closing date of the Merger and subject to approval of our stockholders, we will amend and restate our Certificate of Incorporation in order to increase the authorized share capital of the Company to 250,000,000 shares of Common Stock and 50,000,000 shares of preferred stock, par value $.01 per share. The Capitalization Proposal is a condition to the consummation of the Merger and is necessary because the Company's current authorized share capitalization is insufficient to issue the number of shares necessary to complete the Merger. Increasing the authorized share capital of the Company should provide us with the shares necessary to complete the Merger and to address any future needs. If the Merger is not consummated, this proposal to amend our Certificate of Incorporation will not take effect. The form of amendment for the Capitalization Proposal is attached to this proxy statement as Annex C.

Name Change Proposal (Page 105)

Upon the consummation of the Merger and subject to approval of our stockholders, we will amend and restate our Certificate of Incorporation in order to change our name from "Secure Alliance Holdings Corporation" to "aVinci Media Corporation". If the Merger is not consummated, this proposal to amend our Certificate of Incorporation will not take effect. The form of amendment for the Name Change is attached to this proxy statement as Annex C.

2008 Plan Proposal (Page 106)

The 2008 Plan will take effect upon the consummation of the Merger, subject to approval of our stockholders. If the Merger is not consummated, the 2008 Plan will not take effect. The 2008 Plan is attached to this proxy statement as Annex D.

Recommendation of our Board (Page 99)

Our Board has:

- determined that the Merger Agreement and Merger are advisable and fair to and in the best interests of the Company and its unaffiliated stockholders;
    - approved and adopted the Merger Agreement, the Related Proposals and the 2008 Plan; and
- recommended that our stockholders vote "FOR" the approval and adoption of the Merger Agreement and "FOR" the approval and adoption of each of the Related Proposals and "FOR" the approval and adoption of the 2008 Plan.

In considering the recommendation of the Board with respect to the Merger, you should be aware that some of our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of our stockholders generally. For the factors considered by our Board in reaching its decision to approve and adopt the Merger Agreement, see "The Transactions-- Reasons for the Merger."

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In addition, the Merger Agreement has been approved by Sequoia's Board of Managers and a majority of the members of Sequoia.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q. Why are our stockholders receiving these materials?

A. Our Board is sending these proxy materials to provide our stockholders with information about the Merger, the Merger Agreement, the Related Proposals and the 2008 Plan, so that you may determine how to vote your shares in connection with the Special Meeting.

Q. When and where is the Special Meeting?

A. The special meeting will be held on [_____], 2008 at [_____], located at [_____], at [___]:00 [___].m., local time.

Q. Who is soliciting my proxy?

A. This proxy is being solicited by the Board.

Q. Who is paying for the solicitation of proxies?

A. We will bear the cost of solicitation of proxies by us. In addition to soliciting stockholders by mail, our directors, officers and employees, without additional remuneration, may solicit proxies in person or by telephone or other means of electronic communication. We will not pay these individuals for their solicitation activities but will reimburse them for their reasonable out-of-pocket expenses. Brokers and other custodians, nominees and fiduciaries will be requested to forward proxy-soliciting material to the owners of stock held in their names, and we will reimburse such brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs. Solicitation by our directors, officers and employees may also be made of some stockholders in person or by mail, telephone or other means of electronic communication following the original solicitation.

Q. What will be voted on at the Special Meeting?

A. You are being asked to approve the following proposals:

- the Merger Agreement;
- a certificate of amendment to our Certificate of Incorporation to effect the 1-for-2 Reverse Stock Split;
- a certificate of amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 100,000,000 to 250,000,000 and to authorize a class of preferred stock consisting of 50,000,000 shares of $.01 par value preferred stock;
- a certificate of amendment to our Certificate of Incorporation to change our name from “Secure Alliance Holdings Corporation” to “aVinci Media Corporation”;

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- the 2008 Plan; and

- adjournments of the Special Meeting if deemed necessary to facilitate the approval of the above proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to establish a quorum or to approve the above proposals.

The Related Proposals and 2008 Plan, if approved, will take effect only if the Merger is consummated.

Q. Why does the Merger Agreement provide for the amendment of our Certificate of Incorporation?

A. The Merger Agreement provides for the amendment of our Certificate of Incorporation to effect the Reverse Stock Split, the Capitalization Proposal and the Name Change. Specifically, we will need to amend our Certificate of Incorporation to effect the Reverse Stock Split to ensure a sufficient number of shares are available for issuance to Sequoia upon consummation of the Merger. The Reverse Stock Split will also have the effect of reducing the number of shares of Common Stock issued and outstanding, which may correspondingly increase the price per share of our Common Stock. We will also need to amend our Certificate of Incorporation to effect the Capitalization Proposal because we will be issuing an additional 38,899,018 shares of Common Stock upon the consummation of the Merger. We currently have 78,461,176 shares of Common Stock available for issuance. The increase in the number of authorized shares, in addition to the creation of a class of preferred stock, will ensure that sufficient shares are available to be issued in connection with the Merger and that an adequate number of shares will be available for future business.

The amendments to our Certificate of Incorporation will take effect only if the Merger is consummated.

Q. What will I receive in the Merger?

A. In connection with the Merger, prior to the effective date of the Merger, our individual stockholders will receive the Dividend. Following the Merger, our stockholders will remain stockholders of the combined company, although their ownership interests will be substantially diluted by the shares issued related to the Merger. However, as a result of the Merger, the combined company will consist of Secure Alliance's assets, which are primarily cash and cash equivalents, as well as all of Sequoia's assets, business and operations.

Q. How does the Board recommend that I vote on the proposals?

A. Our Board unanimously recommends that you vote "FOR" all of the proposals submitted.

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Q. What vote is required to approve the proposals?

A. For us to consummate the transactions contemplated by the Merger Agreement, including the Related Proposals, stockholders holding at least a majority of Common Stock outstanding at the close of business on the Record Date must vote "FOR" the approval and adoption of the Merger Agreement and each of the Related Proposals. The 2008 Plan requires the favorable vote of a majority of the votes cast at the Special Meeting, in person or by proxy, even if less than a quorum.

Q. Who may attend the special meeting?

A. All of our stockholders who owned shares on [_____], 2008, the Record Date for the Special Meeting, may attend.

Q. Who may vote at the special meeting?

A. Only holders of record of our Common Stock as of the close of business on the Record Date, may vote at the Special Meeting. As of the Record Date, we had [_____] outstanding shares of our Common Stock entitled to vote.

Q. If I hold my shares in "street name" through my broker, will my broker vote my shares for me?

A. Your broker will vote your shares only if you provide instructions on how to vote. If you do not provide your broker with instructions on how to vote, your broker's non-votes will have the same effect as votes AGAINST approval of the Merger Agreement and the Related Proposals and will have no effect on the vote regarding the 2008 Plan. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given. To avoid a broker non-vote with respect to your shares, you should follow the directions provided by your broker regarding how to instruct your broker to vote your shares.

Q. What constitutes a quorum at the Special Meeting?

A. A quorum is present if the holders of a majority of the outstanding shares of Common Stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

Q. What happens if I withhold my vote or abstain from voting?

A. If you withhold a vote or abstain from voting on the proposal for the adoption of the Merger Agreement and the approval of the Related Proposals, it will have the same effect as a vote "AGAINST" the proposals. Approval of the 2008 Plan and the proposal to adjourn the Special Meeting, if necessary or appropriate, requires the favorable vote of a majority of the votes cast at the Special Meeting, in person or by proxy, even if less than a quorum, and, therefore, withholding a vote or abstaining from voting will have no effect on the proposals to approve the 2008 Plan or to adjourn the Special Meeting.

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Q. What do I need to do now?

A. After you read and consider the information in this proxy statement, return your signed proxy card in the enclosed return envelope or vote by telephone or the Internet by following the instructions included on your proxy card as soon as possible, so that your shares may be represented at the Special Meeting. You should return your proxy card or vote by telephone or the Internet whether or not you plan to attend the meeting. If you do attend the meeting, you may revoke your proxy at any time before it is voted and vote in person if you wish.

Q. How do I vote?

A. You may vote either by casting your vote in person at the meeting, or by marking, signing and dating each proxy card you receive and returning it in the prepaid envelope, by telephone, or electronically through the Internet by following the instructions included on your proxy card.

The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. The procedures, which are designed to comply with Delaware law, allow stockholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded.

If you hold your shares in "street name" through a broker or other nominee, you may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that institution.

Q. What do I do if I want to change my vote after I return my proxy card, or after I vote by telephone or electronically?

A. You can change your vote at any time before your proxy is voted at the Special Meeting. You can do this in one of four ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card at a later date. If you choose either of these methods, you must submit your notice of revocation or your new proxy card to us so that it is received before the Special Meeting. Third, you can vote again by telephone or the Internet. Finally, you can attend the Special Meeting and vote in person. Simply attending the Special Meeting, however, will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

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Q. If the proposals are approved and completed, what do I do with my stock certificate upon the completion of the Reverse Stock Split?

A. Nothing now. As soon as practicable after the filing of the amendment to our Certificate of Incorporation effecting the Reverse Stock Split, stockholders will be notified and provided the opportunity (but shall not be obligated) to surrender their certificates to an exchange agent in exchange for certificates representing post-split Common Stock. Stockholders will not receive certificates for shares of post-split Common Stock unless and until the certificates representing their shares of pre-split Common Stock are surrendered and they provide such evidence of ownership of such shares as we or the exchange agent may require. Stockholders should not forward their certificates to the exchange agent until they have received notice from us that the Reverse Stock Split has become effective. Beginning on the Reverse Stock Split effective date, each certificate representing shares of our pre-split Common Stock will be deemed for all purposes to evidence ownership of the appropriate number of shares of post-split Common Stock.

Q. Will the Merger or the consummation of the Related Proposals be taxable to me?

A. No. We do not expect that the Merger or consummation of the Related Proposals will result in any federal income tax consequences. However, to the extent we declare and pay the Dividend, a portion of the distribution may be taxable as “qualified dividend income”, generally taxable at a federal rate of 15%, to the extent paid out of a stockholder’s pro rata share of our current or accumulated earnings and profits. Any portion of the distribution in excess of each holder’s pro rata share of our earnings and profits will be treated first as a tax-free return of capital to the extent of each stockholder’s tax basis in his, her or its shares of our Common Stock, with any remaining portion treated as capital gain. Non-United States holders of our Common Stock generally will be subject to withholding on the gross amount of the distribution at a rate of 30% or such lower rate as may be permitted by an applicable income tax treaty. Because individual tax circumstances of stockholders vary, stockholders should consult their own tax advisors regarding the tax consequences to them of the distribution.

Q. Who can I contact with questions?

A. If you have questions about the Special Meeting or the transactions after reading this proxy statement, you should contact our proxy solicitor, Mackenzie Partners, Inc. at 105 Madison Avenue, 14th Floor, New York, New York 10016, or call collect at (212) 929-5500 or toll free at (800) 322-2885.

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GENERAL INFORMATION ABOUT THE SPECIAL MEETING

Place and Time. The meeting will be held at _____ on _____ __, 2008 at __:__ _.m., local time.

Record Date and Voting. Our Board fixed the close of business on _____, 2008, as the Record Date for the determination of holders of our outstanding shares entitled to notice of and to vote on all matters presented at the Special Meeting. Such stockholders will be entitled to one vote for each share held on each matter submitted to a vote at the Special Meeting. As of the Record Date, there were _____ shares of Common Stock, issued and outstanding, each of which is entitled to one vote on each matter to be voted upon. You may vote in person or by proxy.

Purpose of the Special Meeting. The purpose of the Special Meeting is to vote upon the (i) approval of the Merger Agreement; (ii) approval of the Related Proposals, (iii) approval of the 2008 Plan, (iv) adjournment of the Special Meeting, if necessary, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Merger Agreement, the Related Proposals and the 2008 Plan; and (v) such other business as may properly be brought before the Special Meeting and any adjournment or postponement thereof.

Quorum. The required quorum for the transaction of business at the Special Meeting is a majority of the votes eligible to be cast by holders of shares of Common Stock issued and outstanding on the Record Date. Shares that are voted "FOR," "AGAINST" a proposal or marked "ABSTAIN" are treated as being present at the Special Meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Special Meeting with respect to such proposal.

Abstentions and Broker Non-Votes. Broker "non-votes" and the shares of Common Stock as to which a stockholder abstains are included for purposes of determining whether a quorum of shares of Common Stock is present at a meeting. A broker "non-vote" occurs when a nominee holding shares of Common Stock for the beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Since the Merger Agreement and Related Proposals require the approval of the holders of a majority of our shares outstanding, both broker "non-votes" and abstentions would have the same effect as votes against such proposals. With respect to the proposals to adopt the 2008 Plan and approve the adjournment of the Special Meeting if deemed necessary, neither broker "non-votes" nor abstentions are included in the tabulation of the voting results and, therefore, they do not have the effect of votes against such proposals.

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Voting of Proxies. Our Board is asking for your proxy. Giving the Board your proxy means you authorize it to vote your shares at the Special Meeting in the manner you direct. After carefully reading and considering the information contained in this proxy statement, you should either complete, date and sign the enclosed proxy card and mail the proxy card in the enclosed return envelope as soon as possible or promptly submit your proxy by telephone or over the Internet following the instructions on the proxy card so that your shares of Common Stock are represented at the Special Meeting, even if you plan to attend the Special Meeting in person. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. The procedures, which are designed to comply with Delaware law, allow stockholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. If you hold your shares in "street name" through a broker or other nominee, you may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that institution.

All valid proxies received prior to the Special Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted "FOR" the Merger Agreement, "FOR" the Related Proposals, "FOR" the 2008 Plan and as the proxy holders may determine in their discretion with respect to any other matters that properly come before the Special Meeting. A stockholder giving a proxy has the power to revoke his or her proxy, at any time prior to the time it is voted, by delivering to our Secretary a written instrument that revokes the proxy or a validly executed proxy with a later date, or by attending the Special Meeting and voting in person. The form of proxy accompanying this proxy statement confers discretionary authority upon the named proxy holders with respect to amendments or variations to the matters identified in the accompanying Notice of Special Meeting and with respect to any other matters that may properly come before the Special Meeting. As of the date of this proxy statement, management knows of no such amendment or variation or of any matters expected to come before the Special Meeting that are not referred to in the accompanying Notice of Special Meeting.

Attendance at the Special Meeting. Only holders of Common Stock, their proxy holders and guests we may invite may attend the Special Meeting. If you wish to attend the Special Meeting in person but you hold your shares through someone else, such as a stockbroker, you must bring proof of your ownership and identification with a photo at the Special Meeting. For example, you could bring an account statement showing that you beneficially owned shares of Common Stock as of the Record Date as acceptable proof of ownership.

Accounting Information. Representatives of our independent registered public accountants, Hein & Associates LLP, are expected to be present at the Special Meeting to answer appropriate questions. They will also have the opportunity to make a statement if they desire to do so.

Costs of Solicitation. We will bear the cost of printing and mailing proxy materials, including the reasonable expenses of brokerage firms and others for forwarding the proxy materials to beneficial owners of Common Stock. In addition to solicitation by mail, solicitation may be made by certain of our directors, officers and employees, or firms specializing in solicitation; and may be made in person or by telephone or telegraph. No additional compensation will be paid to any of our directors, officers or employees for such solicitation. We have retained Mackenzie Partners, Inc., 105 Madison Avenue, 14th Floor, New York, New York 10016, as proxy solicitor, for a fee of $7,500 plus out-of-pocket expenses.

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Stockholder Nominations and Proposals. The Company's By-Laws require stockholders to provide advance notice prior to bringing business before an annual meeting or to nominate a candidate for director at the meeting. In order for a stockholder to properly bring business or propose a director at the 2009 annual meeting of stockholders, the stockholder must give written notice to the Company. To be timely, a stockholder's notice must be received by the Company not less than 45 days prior to the anniversary of the mailing of the prior years' annual meeting of stockholders proxy. These procedures apply to any matter that a stockholder wishes to raise at the 2009 annual meeting of stockholders, other than those raised pursuant to 17 C.F.R. §240.14a-8 of the Rules and Regulations of the SEC.

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THE TRANSACTIONS

This section of the proxy statement describes certain aspects of the Merger, the Merger Agreement and the Related Proposals. While we believe that the description covers the material terms of the Merger and the transactions contemplated thereby, this summary may not contain all of the information that may be important to you. You should read carefully this entire document and the other documents referred to in this proxy statement, including the Merger Agreement, for a more complete understanding of the Merger and the transactions contemplated thereby. Unless otherwise defined in this section, all capitalized terms used in this section have the meanings ascribed to them in the section titled "Summary."

Background of the Merger

We are a Delaware corporation which, through our wholly owned subsidiaries, developed, manufactured, sold and supported ATM products and electronic cash security systems, consisting of TACC products and Sentinel products.

We completed the sale of our ATM business on January 3, 2006 and the sale of our Cash Security business on October 2, 2006. On October 2, 2006, we became a shell public company with approximately $12.9 million in cash, cash equivalents and marketable securities held-to-maturity.

Before the sale of our Cash Security and ATM businesses, we were primarily engaged in the development, manufacturing, sale and support of ATM products and the Cash Security products, which were designed for the management of cash within various specialty retail markets.

On September 25, 2006, the holders of a majority of shares of our outstanding stock approved a proposal that we amend our Certificate of Incorporation and change our name from "Tidel Technologies, Inc." to "Secure Alliance Holdings Corporation." In addition, our subsidiaries effected the following name changes at or about the same time: Tidel Engineering, L.P. changed its name to Secure Alliance, L.P., Tidel Cash Systems, Inc. changed its name to Secure Alliance Cash Systems, Inc. and Tidel Services, Inc. changed its name to Secure Alliance Services, Inc.

Following the sale of our Cash Security and ATM businesses, we have had substantially no operations.

In March 2007, one of our stockholders and an investor of Sequoia contacted Jerrell G. Clay, our Chief Executive Officer, and Stephen P. Griggs, our President, Chief Operating Officer, Principal Financial Officer and Secretary, regarding a potential business combination or other strategic transaction with Sequoia.

During the first few weeks of March 2007, our management received certain business and financial information about Sequoia, including an investment overview and presentation from one of Sequoia's outside directors, Tod M. Turley. Mr. Turley also provided an overview of Amerivon Holdings LLC, a private equity group that is a significant investor in Sequoia ("Amerivon Holdings").

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On March 16, 2007, our management team met in Sugarland, Texas with Sequoia's other outside director, John E. Tyson, to discuss Sequoia's business prospects and to learn more about Amerivon Holdings.

Over the next few weeks, Mr. Turley provided our management with additional information regarding Sequoia's business operations, management and capitalization, as well as updated financial statements of Sequoia. Mr. Turley also proposed a reverse merger as the potential structure for a business combination between Sequoia and our Company.

On April 9 and April 10, 2007, Messrs. Griggs and Clay met with Sequoia's management and full Board of Managers in Sequoia's offices in Draper, Utah. At the meeting, Sequoia introduced its technology and discussed its business plan going forward. The parties discussed the contracts signed by Sequoia, including a contract with Fujicolor to deploy Sequoia's technology for making DVDs in domestic Wal-Mart stores. Messrs. Griggs and Clay then presented details of Secure Alliance's cash position to Sequoia's Board of Managers. At the end of the meeting, we agreed to conduct preliminary due diligence discussions regarding Sequoia's business, prospects and potential benefits of a combination of the two companies.

Following this meeting, Sequoia retained the law firm of Cohne, Rappaport & Segal, P.C., Salt Lake City, Utah, or CRS, to advise it in respect of a possible strategic transaction.

On April 18, 2007, we requested our legal counsel, Olshan Grundman Frome Rosenzweig & Wolosky LLP, New York, New York, or Olshan, to advise us in respect of a possible strategic transaction. We also requested Olshan to consider possible structures for a business combination with Sequoia.

On May 2, 2007, we received from Edward "Ted" B. Paulsen, the Secretary/Treasurer and Chief Operating Officer of Sequoia, an outline of the general terms of a business combination. In the proposal, Sequoia presented a potential pre-merger valuation of $60-$65 million for Sequoia.

On May 4, 2007, our management team discussed Sequoia's proposal with representatives from Olshan. Mr. Griggs also contacted Edward Paulsen to discuss the valuation. At this time, Sequoia informed us that they had engaged Tanner LC to begin work on an audit for 2006 in anticipation of needing audited financial information for a potential transaction.

On May 13, 2007, Edward Paulsen sent our management a revised pre-merger valuation of $55 million for Sequoia and assumed we would have $13-$15 million in cash available for a transaction.

Over the next week, our management continued to review information sent by Sequoia regarding its pre-merger valuation and had several teleconferences with Sequoia's management.

On May 21, 2007, our management informed Olshan that it had reached a deal with Sequoia and that CRS would begin drafting the legal documents. At this time we also began our full due diligence review of Sequoia, which continued over the next few months.

On June 7, 2007, Messrs. Griggs and Clay met with Sequoia's full Board of Managers and management at Sequoia's offices in Utah. Sequoia provided a business update, which included the anticipated timing for the Wal-Mart launch in July 2007. Additional due diligence documents were also exchanged.

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On July 31, 2007, an initial draft of an exchange agreement, prepared by CRS, was delivered to the Company.

On August 2, 2007, Messrs. Griggs and Clay met again with Sequoia's full Board of Managers and management at Sequoia's offices in Utah to discuss the timing of the transaction and to finalize business terms. Sequoia explained that it would have to wait for its financial statements to be prepared, but was committed to moving things forward as quickly as possible. We also discussed engaging Ladenburg to provide a third-party valuation of the transaction.

Over the next few weeks, our Board reviewed the draft exchange agreement and discussed its terms with Olshan. We, through our counsel, responded to Sequoia's draft of the exchange agreement in September 2007 and proposed that the exchange agreement be structured in the form of a merger agreement. The Board negotiated the addition of enhanced representations and warranties and the ability to terminate the agreement if a superior proposal was received by the Company, in which case a $1,000,000 termination fee would be payable to Sequoia in the event we consummated a superior proposal. The Board devoted substantial time to determining the structure of the Merger.

On September 13, 2007, we engaged Ladenburg to prepare a fairness opinion regarding the proposed Merger Consideration.

During the third quarter, Sequoia learned that its full functionality would not be made available in Wal-Mart before 2008 because of problems with its kiosk partner.

On October 17, 2007, Mr. Griggs participated in a teleconference with Chett B. Paulsen, John Tyson and Edward Paulsen to discuss the Wal-Mart situation. During this call, Sequoia provided new projections and the parties discussed resetting the valuation for the Merger.

On October 23 and 24, 2007, our management team met with Sequoia's management team at Sequoia's offices in Utah to finalize the valuation for Sequoia. Over the next few weeks, the parties agreed to modify the valuation for Sequoia to between $46-$48 million and limit the amount of funds coming from Secure Alliance to $11.3 million, to ensure Sequoia would hold approximately 80% of our Common Stock following the Merger.

On October 26, 2007, representatives of Sequoia and CRS met with Olshan at its offices in New York and discussed the terms of the draft Merger Agreement. Following these discussions, CRS distributed a revised draft Merger Agreement on October 29, 2007 which reflected negotiated revisions, the most significant of which was the agreement that representations and warranties would not survive the closing of the Merger. During these negotiations, the Board continued to conduct ongoing due diligence of the business of Sequoia.

Concurrent with the negotiation of the Merger Agreement, we negotiated the terms of the Loan Agreement with Sequoia and its counsel to extend a secured line of credit to Sequoia for working capital purposes after we realized that the proxy statement would not be completed until both companies completed their 2007 financial audits, which would not be until the first quarter of 2008.

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During November 2007, the Board continued to negotiate the Merger Agreement, including without limitation the Merger Consideration under the Merger Agreement and certain tax effects of the Merger for the Company. The Board also discussed providing in the Merger Agreement for a distribution of common stock of a newly formed subsidiary with certain enumerated assets that were to be transferred to it by the Company, a 1-for-3 reverse stock split of our Common Stock, the Capitalization Proposal and the Name Change.

On November 21, 2007, the Company issued a Current Report on Form 8-K disclosing that it was in negotiations with Sequoia.

On November 29, 2007, a meeting of the Board was held. Messrs. Griggs and Clay were present at the meeting, as were representatives from Olshan and Ladenburg. A general discussion among the members of the Board then ensued as to the terms of the Merger Agreement. A representative of Ladenburg then summarized for the Board various aspects of the proposed Merger, including, among other things, net book value valuations, the impact of the proposed distribution of common stock of a newly formed subsidiary of the Company, Sequoia's financial performance, the indicated value range of the transaction using various methodologies, certain aspects of Sequoia's business model and customer base, and Sequoia's valuation relative to selected comparable companies. The Board requested that Ladenburg render an opinion as to whether the proposed Merger Consideration to be received by the Company was fair from a financial point of view to the Company's unaffiliated stockholders. Ladenburg then delivered to the Board an opinion that, as of November 29, 2007 and based upon and subject to the factors and assumptions set forth in the opinion, the Merger Consideration given to members of Sequoia pursuant to the Merger Agreement is fair, from a financial point of view, to our stockholders. The full text of the written opinion of Ladenburg, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, is attached as Annex B to this proxy statement.

The Board considered its fiduciary obligations in light of the proposed Merger including, the duty to evaluate the Merger, the Merger Agreement and all related transactions contemplated therein on behalf of the Company's unaffiliated stockholders and to be fully informed and exercise due care in its deliberations and efforts. The Board discussed a number of factors including the proposed terms of the Merger Agreement, the risks and merits of the Merger and the risks and merits of not pursuing the Merger.

The Board, at a meeting held on November 29, 2007, unanimously approved the Merger Agreement, unanimously found the Merger Agreement to be fair to, advisable for, and in the best interests of, the Company and its stockholders and unanimously resolved to recommend that the Company's stockholders adopt and approve the Merger Agreement.

On December 6, 2007, we executed the Merger Agreement and issued a Current Report on Form 8-K to announce the signing of the Merger Agreement with Sequoia and to file a copy of the Merger Agreement as an exhibit.

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Concurrent with the signing of the Merger Agreement, we extended a $2,500,000 secured line of credit to Sequoia pursuant to the terms of the Loan Agreement, $1,000,000 of which was advanced on the date of the Loan Agreement, $1,000,000 was advanced on January 15, 2008, and $500,000 was advanced on February 15, 2008. Pursuant to the terms of the Loan Agreement, Sequoia has agreed to pay interest on the loan at a rate per annum equal to 10%. Interest on the loan is payable on December 31, 2008, the scheduled maturity date. In addition, if the loan obligations have not been paid in full on or prior to the scheduled maturity date, a monthly fee equal to 10% of the outstanding loan obligations is payable to us by Sequoia on the last day of each calendar month for which the loan obligations remain outstanding.

On March 31, 2008, we amended the Merger Agreement to, among other things, (i) effect a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split, (ii) provide that, immediately prior to the effectiveness of the Merger, we will declare and pay the Dividend instead of distributing to stockholders common stock of a newly formed company with certain enumerated assets that were to be transferred to it by the Company, (iii) amend the amount of the proposed Merger Consideration to be provided under the Merger Agreement, such that each issued and outstanding Sequoia equity interest will automatically be converted into the right to receive 0.87096285 shares of our Common Stock instead of the right to receive 0.5806419 shares of our Common Stock, which adjustment was made to account for the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split, and (iv) remove the closing condition that we have not less than $9.8 million in net cash or cash equivalents.

Reasons for the Merger

In reaching its conclusion regarding the fairness of the Merger to our unaffiliated stockholders and its decision to approve and adopt the Merger Agreement, the Board consulted with management and its financial and legal advisors. The Board considered the following factors and potential benefits, each of which it believed affected its decision:

- The Company's Financial Condition. We are a shell public company with substantially no operations or employees since October 2, 2006. We also have limited management and other resources. Sequoia has an experienced management team and an operating business, which can improve our financial position and provide greater growth opportunities;

- Best Merger Proposal Received. At the time the Merger Agreement was executed, the market check completed by our Board revealed no other firm merger proposals;

- Strategic Alternatives to a Merger. Since we became a shell public company, the Board has reviewed our financial position and considered all available alternatives including, without limitation, the acquisition of a new business or alternatively, the possible dissolution of the Company and liquidation of our assets, the discharge of any remaining liabilities, and the eventual distribution of the remaining assets to stockholders;

- Fairness Opinion. The Board considered the presentation and fairness opinion of Ladenburg, which provided that, as of November 29, 2007, and based upon and subject to the considerations and assumptions set forth in their respective opinions, the Merger Consideration given to members of Sequoia under the Merger Agreement is fair, from a financial point of view, to our stockholders; and

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- Superior Proposals. The Board considered that, under the terms of the Merger Agreement, while we are prohibited from soliciting proposals from third parties, we may engage in discussions and negotiations with, and may furnish non-public information to, a third party that makes an unsolicited superior proposal if, among other things, the Board determines in good faith that such action with respect to such superior proposal is necessary for the Board to comply with its fiduciary duties under applicable law. In addition, the Merger Agreement permits the Board, in the exercise of its fiduciary duties, to withdraw or modify its approval or recommendation of the Merger Agreement or the transactions contemplated therein even if we have not received a superior proposal if it were to subsequently determine that the Merger Agreement and the transactions contemplated therein are no longer in the best interest of the Company or our stockholders. The Board further considered that the terms of the Merger Agreement provide the Board with the ability to terminate the Merger Agreement in order to enter into an agreement for a superior proposal. The Board also considered the possible effect of these provisions of the Merger Agreement on third parties that might be interested in making a proposal to acquire us.

- Potential Benefit of a Combined Company. Sequoia has been in business for several years and has recently signed contracts with some of the largest retailers in the world to carry its products. By completing a merger with Sequoia, we can infuse equity into Sequoia's business to further enhance its products and expand its market position, which may improve stockholder value. However, there can be no assurance that Sequoia's products will receive the widespread market acceptance necessary to sustain profitable operations or that stockholder value will improve in the combined company.

The Board also recognized the risks inherent in the transaction, including:

- the risk that the combined company may not be able to realize, fully or at all, the potential benefits of the Merger;

- the possibility that, even if the Merger is approved by our stockholders, it may not be completed; and

- the other risks described under "Risk Factors" beginning on page 29.

After taking into account all of the factors set forth above, as well as others, the Board agreed that the potential benefits of the Merger (i.e. the benefit of Sequoia's operations, experienced management and growth potential), outweighed the potential risks, determined that the Merger Agreement and the Related Proposals are advisable and are fair to and in the best interests of the Company and its unaffiliated stockholders and approved and adopted the Merger Agreement and recommends that the Company's stockholders vote to approve and adopt the Merger Agreement at the Special Meeting.

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The Board did not assign relative weights to the above factors or the other factors considered by it. In addition, the Board did not reach any specific conclusion on each factor considered, but conducted an overall analysis of these factors. Individual directors may have given different weights to different factors.

Cautionary Statement Concerning Forward-Looking Information

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the Merger Agreement and other information relating to the Merger Agreement and Related Proposals. There are forward-looking statements throughout this proxy statement, including, among others, under the headings “Summary,” “The Transactions -- Opinion of Ladenburg” and in statements containing the words “believes,” “plans,” “expects,” “anticipates,” “intends,” “estimates” or similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. In addition to other factors and matters contained in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

Considerations Relating to the Merger Agreement, Related Proposals and 2008 Plan:

- the failure to satisfy the conditions to consummation of the Merger Agreement, including the receipt of stockholder approval;
- the failure to receive stockholder approval of the Related Proposals and the 2008 Plan;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the failure of the Merger to close for any other reason;
- the outcome of legal proceedings that may be instituted against us and others in connection with the Merger Agreement; and
- the amount of the costs, fees, expenses and charges related to the Merger.

Other Factors:

- risks, uncertainties and factors set forth in our reports and documents filed with the Securities and Exchange Commission (the “SEC”) (which reports and documents should be read in conjunction with this proxy statement; see “Where You Can Find Additional Information”).

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All forward-looking statements contained or incorporated by reference in the proxy statement speak only as of the date of this proxy statement or as of such earlier date that those statements were made and are based on current expectations or expectations as of such earlier date and involve a number of assumptions, risks and uncertainties that could cause the actual result to differ materially from such forward-looking statements. Except as required by law, we undertake no obligation to update or publicly release any revisions to these forward-looking statements or reflect events or circumstances after the date of this proxy statement.

Risk Factors

Risks Related to the Merger Agreement and the Related Proposals

The Merger will result in substantial dilution of the ownership interest of current stockholders.

Immediately following the Merger, our stockholders will own approximately 20% of the Company's outstanding Common Stock on a nondiluted basis. This represents substantial dilution of the ownership interest of current stockholders.

Failure to complete the Merger could cause our stock price to decline and could harm our future business and operations.

The Merger Agreement contains conditions that we must meet in order to consummate the Merger. In addition, the Merger Agreement may be terminated by either us or Sequoia under certain circumstances. If the Merger is not completed for any reason, we may be subject to a number of risks, including the following:

- depending on the reasons for termination, we may be required to pay a termination fee of $1,000,000 to Sequoia if we have selected a superior proposal;

- the market price of our Common Stock may decline to the extent that the current market price reflects a market assumption that the Merger and the Related Proposals will be completed; and

- many costs related to the Merger and the Related Proposals, such as legal, accounting, financial advisor and financial printing fees, have to be paid regardless of whether the Merger is completed;

Ladenburg did not review the terms of the amendment to the Merger Agreement and there can be no assurance that its fairness opinion is not affected by such amendment.

On March 31, 2008, we amended the Merger Agreement to, among other things, (i) effect a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split, (ii) provide that, immediately prior to the effectiveness of the Merger, we will declare and pay to our stockholders existing as of the Record Date, the Dividend instead of distributing to stockholders common stock of a newly formed company with approximately $2.2 million in cash and shares of stock of a private company that were to be transferred to it by the Company, (iii) amend the amount of the proposed Merger Consideration to be provided under the Merger Agreement, such that each issued and outstanding Sequoia equity interest will automatically be converted into the right to receive 0.87096285 shares of our Common Stock instead of the right to receive 0.5806419 shares of our Common Stock, which adjustment was made to account for the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split, and (iv) remove the closing condition that we have not less than $9.8 million in net cash or cash equivalents.

The Board approved the amendment to the Merger Agreement to provide for a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split primarily to ensure sufficient shares were available in the public float to help avoid large

pricing fluctuations. The Merger Consideration was adjusted as a result of the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split to provide for no change to the respective equity ownership levels following the Merger. The Board also approved the amendment to provide the Dividend of approximately $2.0 million, an amount slightly less than originally contemplated by the Merger Agreement, because it believed (i) this small reduction in distribution was advisable in exchange for the removal of the closing condition that we have not less than $9.8 million in net cash or cash equivalents, and (ii) the dividend mechanic was more feasible than a distribution of stock.

Ladenburg has not reviewed our amendment to the Merger Agreement. Although our Board believes the amendment to the Merger Agreement does not materially impact Ladenburg's fairness opinion, which was issued on November 29, 2007, there can be no assurance that Ladenburg's opinion, that the Merger Consideration given to members of Sequoia is fair, from a financial point of view, to our stockholders, is still accurate.

The Reverse Stock Split may not increase the market price of our Common Stock by a multiple we expect.

While we expect that the Reverse Stock Split will result in an increase in the market price of our Common Stock, there can be no assurance that the Reverse Stock Split will increase the market price of our Common Stock by a multiple equal to the exchange number or result in the permanent increase in the market price (which is dependent on many factors, including our performance and prospects). Also, should the market price of our Common Stock decline, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would pertain in the absence of a reverse stock split.

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The Reverse Stock Split may increase our number of odd lot stockholders.

The Reverse Stock Split may increase the number of our stockholders who own odd lots (owners of less than 100 shares). Stockholders who hold odd lots typically will experience an increase in the cost of selling their shares as well as possible greater difficulty in effecting such sales.

Risks Related to Sequoia's Business, which will be our primary business following the Merger

Since Sequoia's inception, it has been spending more than it makes which has required it to rely upon outside financings to fund operations. If Sequoia is not able to generate sufficient revenues to fund its business plans, Sequoia may be required to limit operations.

Since Sequoia's inception Sequoia has operated at a loss. Sequoia is not currently generating sufficient revenues to cover its operating expenses. If its revenues do not begin to grow or if they decline and its expenses do not slow or decline at a greater rate Sequoia may be unable to generate positive cash flows. If Sequoia is unable to generate positive cash flow from operations Sequoia will be required to seek outside financing to continue operating at its current level or cease operations. If new sources of financing are required, but are insufficient or unavailable, Sequoia will be required to modify its growth and operating plans to the extent of available funding, which would harm its ability to pursue our business plans. If Sequoia ceases or stops operations, its members could lose their entire investment. Historically, Sequoia has funded its operating, administrative and development costs through the sale of equity capital or debt financing. If Sequoia's plans and/or assumptions change or prove inaccurate, or Sequoia is unable to obtain further financing, or such financing and other capital resources, in addition to projected cash flow, if any, prove to be insufficient to fund operations, Sequoia's continued viability could be at risk. To the extent that any such financing involves the sale of Sequoia's membership interests, the interests of Sequoia's then existing members could be substantially diluted. The holders of new membership interests of Sequoia may also have rights, preferences or privileges which are senior to those of Sequoia's existing members. There is no assurance that Sequoia will be successful in achieving any or all of these objectives over the coming year.

Sequoia anticipates its business will become highly seasonal in nature which may cause its financial results to vary significantly by quarter.

The photo retail business is very seasonal in nature with a significant proportion of recurring revenues occurring the fourth quarter of the calendar year, particularly around the Thanksgiving and Christmas holidays. As a result, Sequoia's financial results will be difficult to compare quarter-to-quarter. Additionally, any disruptions in operations during the fourth quarter could greatly impact its annual revenues and have a significant adverse effect on its relationships with its customers. Sequoia's limited revenue and operating history makes it difficult for it to assess the impact of seasonal factors on its business or whether its business is susceptible to cyclical fluctuations in the economy.

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Sequoia's technology solutions and business approach are relatively new and if they are not accepted in the marketplace, its business could be materially and adversely affected.

Products created with Sequoia's technology have only been available in the marketplace since 2005. Sequoia has been pursuing a business model that requires retail and vendor partners to recognize the advantages of its technology to make it available to end consumers. Having generated limited revenues, there can be no assurance that Sequoia's products will receive the widespread market acceptance necessary to sustain profitable operations. Even if its services attain widespread acceptance, there can be no assurance that Sequoia will be able to meet the demands of its customers on an ongoing basis. Sequoia's operations may be delayed, halted, or altered for any of the reasons set forth in these risk factors and other unknown reasons. Such delays or failure would seriously harm Sequoia's reputation and future operations. If Sequoia's products or its business model are not accepted in the market place, its business could be materially and adversely affected.

Sequoia's product solution focuses on an aspect of the digital photo industry that has never been directly addressed in any meaningful way. Sequoia provides a nearly finished product that takes user images and combines them with stock images to create context for user images in a themed presentation. Sequoia also offers a unique DVD product that has not been widely sold in the marketplace in the form it offers. The degree of market acceptance of Sequoia's product solution results in Sequoia's products going to the market with a high level of uncertainty and risk. As the market for its product technology is new and evolving, it is difficult to predict the size of the market, the future growth rate, if any, or the level of premiums the market will pay for Sequoia's services. There can be no assurance that the market for Sequoia's services will emerge to a profitable level or be sustainable. There can be no assurance that any increase in marketing and sales efforts will result in a larger market or increase in market acceptance for Sequoia's services. If the market fails to develop, develops more slowly than expected or becomes saturated with competitors, or if Sequoia's proposed services do not achieve or sustain market acceptance, Sequoia's proposed business, results of operations and financial condition will continue to be materially and adversely affected.

Ultimately, Sequoia's success will depend upon consumer acceptance of its product delivery model and its largely pre-configured products. Sequoia relies on its retail and internet vending customers to market its products to end consumers. While Sequoia assists retailers with their marketing programs, Sequoia cannot assure that retailers will continue to market its services or that their marketing efforts will be successful in attracting and retaining end user consumers. The failure to attract end user consumers will adversely affect Sequoia's business. In addition, if Sequoia's service does not generate revenue for the retailer, whether because of failure to market it, Sequoia may lose retailers as customers, which would adversely affect its revenue.

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Sequoia has for the past few years depended on a single customer for a significant portion of its revenue. If Sequoia is unable to replace that customer and add additional customers it could materially harm its operating results, business, and financial condition.

During 2004, 2005, 2006, and 2007, over 90% of Sequoia's revenue was derived from a single customer, BigPlanet. Sequoia's contract with BigPlanet expired on December 31, 2007. Sequoia is in negotiations to continue its business relationship with BigPlanet, but it can provide no assurance that it will enter into a new agreement or what the terms of the new agreement will be. Sequoia added several additional customer contracts during 2007, but they have not generated significant revenues to date. If in the event Sequoia is unable to replace the revenues generated from BigPlanet and increase the revenues for current customers and enter into additional agreements with additional customers that generate revenue, Sequoia's operations and financial results will significantly suffer, jeopardizing long-term operations. Sequoia may not succeed in attracting new customers, as many of its potential customers have pre-existing relationships with Sequoia's current or potential competitors. To attract new customers, Sequoia may be faced with intense price competition, which may affect its gross margins.