

SONA MOBILE HOLDINGS CORP
Form DEF 14A
August 24, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SONA MOBILE HOLDINGS CORP.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

SONA MOBILE HOLDINGS CORP.

Notice of Annual Meeting of Stockholders

To Be Held On Friday, September 29, 2006 at 10:00 A.M.

TO THE STOCKHOLDERS OF SONA MOBILE HOLDINGS CORP.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Sona Mobile Holdings Corp. will be held in the Valencia Room of the San Carlos Hotel, 150 East 50th Street, 2nd floor, New York, NY 10022, on Friday, September 29, 2006 at 10:00 A.M., Eastern Time, for the following purposes:

1. To elect four (4) directors;
2. To approve the Company's 2006 Incentive Plan (the "Plan");
3. To approve the appointment of Horwath Orenstein LLP ("Horwath") as the Company's auditors for 2006; and,
4. To transact such other business as may properly be brought before the meeting or any adjournment or postponements thereof.

The Board of Directors (the "Board") has fixed the close of business on Friday, August 18, 2006 as the record date (the "Record Date") for the determination of the stockholders entitled to notice of and to vote at this meeting and at any adjournment or postponements thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Stephen Fellows, Corporate Secretary

Dated: New York, New York

August 31, 2006

IMPORTANT:

Whether or not you expect to attend in person, please complete, sign, date and return the enclosed Proxy at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly signing, dating and returning the Proxy will save Sona Mobile Holdings Corp. the expense and extra work of additional solicitation. An addressed envelope for which no postage is required has been enclosed for that purpose. Sending in your Proxy will not prevent you from voting your stock at the meeting if you desire to do so, as your Proxy is revocable at your option. If your stock is held through a broker, bank or a nominee and you wish to vote at the meeting you will need to obtain a proxy form from your broker, bank or a nominee and present it at the meeting.

SONA MOBILE HOLDINGS CORP.

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held on Friday, September 29, 2006

This Proxy Statement is furnished to the stockholders of Sona Mobile Holdings Corp., a Delaware corporation, in connection with the solicitation by our Board of proxies to be used at the our 2006 Annual Meeting of Stockholders to be held in the Valencia Room of the San Carlos Hotel, 150 East 50th Street, 2nd floor, New York, NY 10022, on Friday, September 29, 2006 at 10:00 A.M., Eastern Time, and at any adjournments thereof (the "Annual Meeting"). The approximate date on which this Proxy Statement and the accompanying proxy will be mailed to stockholders is August 31, 2006.

INFORMATION ABOUT THE MEETING

Record Date and Quorum

Only stockholders of record at the close of business on the Record Date, are entitled to notice of and vote at the Annual Meeting. On the Record Date, there were 58,417,856 shares of our common stock, par value \$.01 per share ("Common Stock"), issued and outstanding, each of which is entitled to one vote and no shares of preferred stock outstanding.

Shares represented by each properly executed, unrevoked proxy received in time for the meeting will be voted as specified. Shares of Common Stock were the only voting securities outstanding on the Record Date. A quorum will be present at the Annual Meeting if shares of the Common Stock outstanding on the Record Date representing a majority

of the total number of votes are present at the meeting in person or by proxy.

Voting of Proxies

The persons acting as proxies (the "Proxyholders") pursuant to the enclosed proxy will vote the shares represented as directed in the signed proxy. Unless otherwise directed in the proxy, the Proxyholders will vote the shares represented by the proxy for: (i) electing the director nominees named in this Proxy Statement; (ii) approving the Plan; (iii) approving the appointment of Horwath as our auditors for 2006; and (iv) in their discretion, on any other business that may come before the meeting or any adjournments or postponements of the meeting.

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Under our bylaws (the "Bylaws") and the Delaware General Corporations Law (the "DGCL"): (1) shares represented by proxies that reflect abstentions or "broker non-votes" (i.e., shares held by a broker or nominee that are represented at the meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum; (2) there is no cumulative voting, and the director nominees receiving the highest number of votes, up to the number of directors to be elected, are elected and, accordingly, abstentions, broker non-votes and withholding of authority to vote will not affect the election of directors; and (3) proxies that reflect abstentions or non-votes will be treated as unvoted for purposes of determining approval of that proposal and will not be counted as votes for or against that proposal.

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Voting Requirements

Election of Directors. The election of directors requires a plurality of the votes cast for the election of directors. Accordingly, the directorships to be filled at the Annual Meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor of or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Except as set forth below, each person who served as a director or executive officer since the beginning of our last fiscal year and each person nominated by the Board for election as a director at the Annual Meeting, all of whom are currently serving as directors, has no substantial interest, direct or indirect, by security holdings or otherwise, in any of the proposals submitted to a vote at the Annual Meeting other than if he is a nominee for election as a director, that he has an interest in being elected as a director.

Approval of the Plan and Appointment of Auditors. The affirmative vote of a majority of the votes cast by stockholders entitled to vote at the Annual Meeting is required to approve the Plan and to approve the appointment of Horwath as our independent auditors for the fiscal year ending December 31, 2006. An abstention from voting on this matter will be treated as "present" for quorum purposes. However, since an abstention is not treated as a "vote" for or against the matter, it will have no effect on the outcome of the vote.

Revocability of Proxy

A proxy may be revoked by the stockholder giving the proxy at any time before it is voted by delivering oral or written notice to the Corporate Secretary of Sona Mobile Holdings Corp. at or prior to the meeting, and a prior proxy is automatically revoked by a stockholder giving a subsequent proxy or attending and voting at the meeting. Attendance at the meeting in and of itself does not revoke a prior proxy.

Expenses of Solicitation

We will bear the entire cost of this proxy solicitation, including the cost of preparing, printing and mailing the Proxy Statement, the proxy and any additional soliciting materials sent by us to stockholders. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for reasonable expenses incurred by them in forwarding proxy soliciting materials to such beneficial owners. Proxies may also be solicited by certain of our directors, officers and employees, without additional compensation, personally or by telephone.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of the Record Date, certain information regarding the beneficial ownership of our Common Stock by the following:

- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our outstanding Common Stock;
- each of our directors and director nominees;
- each executive officer named in the Summary Compensation Table below; and
- all of our directors and executive officers as a group.

Except as otherwise indicated, the persons listed below have sole voting and investment power with respect to all of the Common Stock owned by them. The individual shareholders have furnished all information concerning their respective beneficial ownership to us.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned ⁽¹⁾	Percentage of Common Stock Beneficially Owned ⁽¹⁾
Shawn Krelloff ⁽²⁾ , officer and director	3,171,577 ⁽³⁾	5.4%
Bryan Maizlish ^{(2),(4)} , director	108,006 ⁽⁵⁾⁽⁶⁾⁽⁷⁾	*
Mike Fields ⁽²⁾ , director	40,000 ⁽⁶⁾	*
Paul C. Meyer, director		
c/o Shuffle Master, Inc.		
1006 Palms Airport Drive, Las Vegas, NV 89119	42,500 ⁽⁶⁾⁽⁸⁾	*
	191,250 ⁽⁹⁾⁽¹⁰⁾	*

M. Jeffrey Branman, director 935 First Avenue King of Prussia, PA 19406		
Lance Yu, officer c/o Sona Mobile Holdings Corp. 44 Victoria Street, Suite 801, Toronto, Ontario M5C1Y2	1,278,734 ⁽¹¹⁾	2.2%
All directors and officers as a group (Seven)	4,815,817 ⁽¹²⁾	8.2%
Thomas R. Ellis c/o P.T. Houston, LLC 2323 North 30th Street, Suite 100 Tacoma, WA 98403	3,761,171 ⁽¹³⁾	6.4%
Steven L. Martin c/o Slater Asset Management, LLC 825 Third Avenue, 33 rd Floor New York, NY 10022	4,685,694 ⁽¹⁴⁾	7.9%
Shuffle Master, Inc. 1106 Palms Airport Drive Las Vegas, NV 89119	6,007,692 ⁽¹⁵⁾	9.9%
Brendan O'Neil c/o Enable Capital Partners One Ferry Building, Suite 255 San Francisco, CA 94111	3,000,000 ⁽¹⁶⁾	5.0%
John Bush P.O. Box 236 Nobleton, ON L0G 1N0, Canada	5,007,067 ⁽¹⁷⁾	8.5%

*Less than 1%.

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- (1)Effect is given, pursuant to Rule 13-d(1)(i) promulgated under the Exchange Act, to shares issuable upon the exercise of options or warrants currently exercisable or exercisable within 60 days of the date of this prospectus.
- (2)c/o Sona Mobile Holdings Corp.
825 Third Avenue, 32nd Floor,
New York, NY 10022
- (3)Includes 166,666 shares underlying currently exercisable options and 41,666 shares underlying warrants that are immediately exercisable.
- (4)Mr. Maizlish is not standing for reelection at the Annual Meeting.
- (5)Includes 60,000 shares issuable upon the exercise of options which expire on April 19, 2008 and 3,750 director options which expire on November 17, 2010.
- (6)Includes 40,000 shares issued to the security holder upon his appointment to the Board, of which 20,000 vested immediately and 20,000 will vest one year from the date of grant.
- (7)Includes 3,750 shares underlying options currently exercisable or exercisable within 60 days of the date of this Proxy Statement.

- (8) Includes 2,500 shares underlying options currently exercisable or exercisable within 60 days of the date of this Proxy Statement.
- (9) Includes 100,000 shares issued to the security holder upon his appointment to the Board, of which 50,000 vested immediately and 50,000 will vest one year from July 13, 2006, and 30,000 shares underlying warrants that are immediately exercisable.
- (10) Includes 1,250 shares underlying exercisable options.
- (11) Includes 100,000 shares underlying exercisable options.
- (12) Includes 450,833 shares underlying options granted to these directors and officers.
- (13) All shares are registered in the name of PT Houston LLC, of which Mr. Ellis is the sole member and manager.
- (14) Includes 8,000 shares owned by his wife, 152,400 shares owned by his IRA and 76,200 shares owned by his wife's IRA; 1,072,361 shares underlying warrants held by Mr. Martin and certain of the entities mentioned in this footnote and his wife's IRA; 1,372,000 shares owned by Slater Equity Partners, L.P., 762,200 shares owned by Slater Equity Partner's Offshore Fund Ltd. and 652,400 shares owned by Slater FF&E Fund, LLC by virtue of the fact that he is the Manager and controlling owner of Slater Asset Management, L.L.C. (SAM) and Slater Capital Management, L.L.C. (SCM). SAM is the general partner of investment limited partnerships of which SCM is the investment advisor, including Slater Equity Partners, L.P. SCM is also the investment advisor to Slater Equity Partners Offshore Fund Ltd. and the manager of Slater FF&E Fund, LLC.
- (15) Includes 2,033,333 shares underlying warrants. Dr. Mark L. Yoseloff and Messrs. Ken Robson, Garry W. Saunders, Todd Jordan and Louis Castle are all members of Shuffle Master's Board of Directors and, as such, have shared voting and investment control over these securities. The named individuals disclaim beneficial ownership of these securities.
- (16) Includes 1,000,000 shares underlying warrants.
- (17) Includes 58,443 shares underlying options and 80,168 shares owned by his wife.

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ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

The Board presently consists of five members. Directors serve for a one-year term or until their successors are duly elected and qualified.

At the Annual Meeting, stockholders will be asked to elect four directors to serve until the annual meeting of stockholders in 2007 and until each director's successor is elected and qualified. Brian Maizlish, a director of the Company since 2000, has not been nominated for reelection at the Annual Meeting.

It is intended that votes pursuant to the enclosed proxy will be cast for the election of the four nominees named below. In the event that any such nominee should become unable or unwilling to serve as a director, the proxy will be voted for the election of such person, if any, as shall be designated by the Board. Management has no reason to believe these nominees will not be available for election.

The following table sets forth the names and ages of each nominee, the principal occupation of each during the past five years and the period, if any, during which each has served as a director of Sona Mobile Holdings Corp. Information as to the stock ownership of each nominee is set forth under "Security Ownership of Certain Beneficial

Owners and Management.” All of the director-nominees are currently serving as directors and have been approved, recommended and nominated for re-election to the Board by Sona Mobile Holdings Corp.’s Compensation and Nominating Committee and by the Board.

Name of Nominee	Age Elected/Appointed	Year First	Position and Offices with the Company
Shawn Kreloff	43	2005	Director, Chairman, Chief Executive Officer and President
Paul C. Meyer ⁽¹⁾⁽²⁾	59	2006	Director
Mike Fields	46	2006	Director
M. Jeffrey Branman ⁽¹⁾⁽²⁾	50	2006	Director

(1)Member of the Audit Committee.

(2)Member of the Compensation and Nominating Committee.

Shawn Kreloff has been Chairman of the Board since April 19, 2005 and our Chief Executive Officer and President since May 5, 2006. From September 2004 until April 19, 2005 he was was a director and the Chairman of Sona Mobile, Inc., a State of Washington corporation that became our wholly-owned subsidiary through a reverse merger (the “Merger”) on that date. In the Merger, the former shareholders of Sona Mobile, Inc. acquired 80% voting control and operational and management control of this company, which was known at the time as PerfectData Corporation. Mr. Kreloff was a founding investor of Insight First, a company that provides analytics software, which was sold to 24/7 Media (Nasdaq: TFMS) in 2003. He was also a founding investor, as well as Executive Vice President of business development, of Opus360 Corporation, which was acquired by Artemis International Solutions (OTC: AMSI) in 2002. He was a founder of Gray Peak Technologies, Inc., a network consulting firm that provided consulting services to telecom, financial and other Fortune 1,000 companies, and served as its Chairman and Chief Executive Officer until it was sold to USWeb (Nasdaq: USWB) in 1998. From September 2002 to 2003, Mr. Kreloff was Executive Vice President of sales, marketing and business development of Predictive Systems, Corp., a network infrastructure and security consulting company. Since September 2004, Mr. Kreloff has been a member of the Board of Directors of Secured Services, Inc., (OTCBB: SSVC.OB). Mr. Kreloff also served on the Board of Directors of Hudson Williams, a computer consulting firm, from 1999 through 2004 when it was acquired by Keynote Systems (Nasdaq NM: KEYN).

Paul C. Meyer was appointed to the Board on March 28, 2006. He has served as President of Shuffle Master, Inc., a publicly traded casino gaming supply company, since October 2003 and was

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appointed as Shuffle Master’s Chief Operating Officer in February 2004. Mr. Meyer served as president of the Integrated Solutions Division of Concurrent Computer Corporation from December 2000 until October 2003.

Mike Fields was appointed to the Board on August 7, 2006. He is currently the Executive Vice President of Action Gaming, Las Vegas, where he is responsible for maintaining a multi-million dollar recurring revenue stream as well as expanding video poker boundaries to the legal aspects of the internet. Prior to working with Action Gaming, Mr. Fields held, from February 2001 to December 2005, the position of Director of Product Marketing with International

Game Technology, Las Vegas, where he was responsible for oversight and strategic planning and development of video poker products and popular wide-area progressive games. Mr. Fields holds a degree in Business Administration from the University of South Carolina.

M. Jeffrey Branman was appointed to the Board on July 6, 2006. He is the President and owner of Interactive Commerce Partners LLC, a provider of financial advisory services to companies in the interactive commerce technology and content, merchandising, and direct marketing businesses. Mr. Branman founded Interactive Commerce Partners in March 2005. From April 2000 through March 2005, Mr. Branman served as President and founder of Interactive Technology Services, a subsidiary of Comcast Corporation, a developer, manager and operator of broadband cable networks. Interactive Technology Services served as financial advisor to Interactive Technology Holdings, LLC, a joint venture of Comcast Corporation and QVC, Inc. which made venture capital investments in interactive commerce technology and content companies. Portfolio companies, where Mr. Branman served on the Board of Directors, include GSI Commerce, Inc. (NASDAQ: GSIC), Commerce Technologies, Inc. and Scene7, Inc. From March 1996 to February 2000, Mr. Branman was Senior Vice President Corporate Development of Foot Locker, Inc., a retailer of athletic footwear and apparel, and additionally was Chief Executive Officer of FootLocker.com, the internet and direct marketing subsidiary of Foot Locker from October 1998 to February 2000. Mr. Branman currently serves on the Board of Directors of GSI Commerce.

The Board recommends that the stockholders vote FOR the election of the foregoing nominees.

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Committees and Board Meetings

The Board of Sona Mobile Holdings Corp. has established two standing committees: an Audit Committee and a Compensation and Nominating Committee.

Attendance at Committee and Board of Directors Meetings

During the most recent fiscal year, which ended December 31, 2005, the Board held six meetings. In the period from April 19, 2005, the date of the Merger, through December 31, 2005, the Audit Committee held two meetings. Meetings were also held to review our quarterly reports on Form 10-QSB for each of the first three quarters of our 2005 fiscal year. In the period from April 19, 2005, the date of the Merger, through December 31, 2005, the Compensation and Nominating Committee held one meeting to approve employee and officer stock options. All directors attended at least 75% of the aggregate number of meetings of the Board and of all committees of the Board on which that director served during the last full fiscal year. It is our policy that directors are invited and encouraged to attend the Annual Meeting.

Audit Committee

During our most recent fiscal year, which ended December 31, 2005, we had a separately-designated standing Audit Committee. From April 19, 2005 to July 19, 2005, the entire Board functioned as the Audit Committee. On July 19, 2005 two new independent directors were appointed to the Board — Frank Fanzilli and Paul McAleese — and they were immediately appointed to serve on the Audit Committee with Mr. Fanzilli appointed as Acting Chairman until we

could identify an “audit committee financial expert”. On September 14, 2005, Michael Castellano, who qualified as an “audit committee financial expert”, was appointed to the Board and the Audit Committee and was named Chairman of the Audit Committee. Subsequently, Paul Meyer was appointed to the Audit Committee and Frank Fanzilli continued to serve as a member of the Audit Committee. Mr. Castellano resigned from the Board effective May 16, 2006 and Mr. Fanzilli resigned effective June 15, 2006.

On July 6, 2006, M. Jeffrey Branman was appointed to the Board and as Chairman of the Audit Committee. Mr. Branman qualifies as an “audit committee financial expert”. The other members of the Audit Committee as currently constituted are Paul Meyer and Bryan Maizlish. Messrs. Branman, Meyer and Maizlish satisfy the eligibility requirements imposed by Nasdaq for service on an audit committee of a NASDAQ-listed company. As our