

CRYO CELL INTERNATIONAL INC  
Form DEF 14A  
July 09, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14A-101)

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 Rule 14a-11(c) or Rule 14a-12

**CRYO-CELL INTERNATIONAL, INC.**

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- No fee required.
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(4) Date filed:

**CRYO-CELL INTERNATIONAL, INC.**

**700 BROOKER CREEK BOULEVARD**

**SUITE 1800**

**OLDSMAR, FLORIDA 34677**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held on July 27, 2010

**Important Notice Regarding the Availability of Proxy Materials for the**

**Stockholder meeting to be held July 27, 2010**

**The Proxy Statement and our 2009 Annual Report on Form 10-K are available on the Internet at**

**<http://www.rrdezproxy.com/2010/CryoCell2010/>**

To the Stockholders of Cryo-Cell International, Inc.:

Notice is hereby given that the 2010 Annual Meeting of the Stockholders of Cryo-Cell International, Inc. (the Company) will be held on July 27, 2010, at 8:00 A.M. local time, at the Courtyard by Marriott, 4014 Tampa Road, Oldsmar, Florida 34677. The meeting is called for the following purposes:

1. To consider for election to the Company's Board of Directors the seven individuals nominated by the Board of Directors.
2. To ratify the appointment of the firm of Grant Thornton, LLC, as our independent registered public accountants for the year ending November 30, 2010.
3. To consider and take action upon such other matters as may properly come before the meeting or any adjournments thereof.

The close of business on July 6, 2010, has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

A proxy for the meeting is enclosed with this Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement. You are requested to complete and return the accompanying proxy card, which is solicited by the Company's board of directors, in the enclosed envelope, or vote via the Internet or telephone, to be sure that your shares will be represented and voted at the Annual Meeting. The enclosed proxy card contains instructions on voting via the Internet or telephone or, if your shares are registered in the name of a broker or bank, your broker or bank will provide instructions, including as to voting over the Internet or by telephone.

It is important that your shares be represented at the Annual Meeting, regardless of the number of shares you hold or whether you plan to attend the meeting in person. I urge you to read the accompanying Proxy Statement and vote your shares as soon as possible.

By Order of the Board of Directors,  
Mercedes Walton  
Chairman and Chief Executive Officer

Dated: July 9, 2010

**CRYO-CELL INTERNATIONAL, INC.**

**PROXY STATEMENT**

This Proxy Statement is furnished to the stockholders of Cryo-Cell International, Inc. (the Company) in connection with the 2010 Annual Meeting of Stockholders and any adjournments thereof. The meeting will be held at the Courtyard by Marriott, 4014 Tampa Road, Oldsmar, Florida 34677, on July 27, 2010, at 8:00 A.M. local time.

This Proxy Statement and the Notice of Annual Meeting are being provided to stockholders beginning on or about July 9, 2010. A copy of the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2009 accompanies this Proxy Statement. The Company, a Delaware corporation, has its principal executive offices at 700 Brooker Creek Boulevard, Suite 1800, Oldsmar, Florida 34677.

The Annual Meeting is being held for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

**Stockholders Entitled to Vote**

Only holders of record of our shares of common stock at the close of business on July 6, 2010 are entitled to notice of and to vote at the meeting and at any adjournments or postponements of the meeting. Each share entitles its holder to one vote on each matter presented at the meeting. The holders of one-third of the shares entitled to vote at the meeting must be present in person or represented by proxy in order to constitute a quorum for all matters to come before the meeting. On the record date, there were 11,752,574 shares outstanding.

**Vote Required**

Other than the election of directors, which requires a plurality of the votes cast, each matter to be submitted to the stockholders requires the affirmative vote of a majority of the votes cast on the proposal at the meeting. No proposals were submitted to the Company pursuant to the advance notice provisions of the Company's bylaws. Thus, any proposals raised at the Annual Meeting, other than the election of the Board's nominees as directors and procedural matters raised by the Chairman of the Annual Meeting, will be ruled out of order.

For purposes of determining the number of votes cast with respect to a particular matter, votes cast For, Against or Abstain are included. Abstentions are counted as votes cast against any matter and will be counted for purposes of determining whether a quorum is present at the meeting.

If your shares are held in the name of a bank, broker or other holder of record (commonly referred to as street name), you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers (broker non-votes) are not counted or deemed to be present or represented for purposes of determining whether stockholders have approved that matter, but are counted as present for purposes of determining the existence of a quorum at the meeting.

**Solicitation of Proxies**

Proxies are being solicited on behalf of the Board of Directors. In addition to soliciting by mail, our directors, director nominees, officers and employees may solicit proxies in person, by telephone or by electronic means. These persons will not be specifically compensated for doing this. Brokerage houses and other custodians, nominees and fiduciaries may be requested to forward soliciting material to the beneficial owners of stock, in which case they will upon request be reimbursed for their expenses in doing so. The Company has retained the services of Georgeson Inc. (Georgeson), a professional proxy solicitation firm, to aid in the solicitation of proxies. Georgeson may solicit proxies by personal interview, mail, telephone and electronic

communications. Georgeson will be paid a customary fee for its services, estimated at \$10,000, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies.

### **Proxy Revocability**

Any proxy given pursuant to this solicitation is revocable at any time prior to the voting at the meeting by (1) delivering written notice to the Secretary of the Company, (2) submitting a subsequently dated proxy, or (3) attending the annual meeting, withdrawing the proxy, and voting in person.

### **Important Information Regarding Delivery of Proxy Materials**

#### *Notice and Access*

The Securities and Exchange Commission (the SEC) has adopted amendments to the proxy rules that now require companies to post its proxy materials for their 2010 annual stockholders meeting on the Internet. These e-proxy rules are often referred to as Notice and Access, under which a company may select either of the following options for making proxy materials available to its stockholders:

the full set delivery option; or

the notice only option.

A company may use a single method for all of its stockholders, or use full set delivery for some while adopting the notice only option for others. We are required to comply with these e-proxy rules in connection with this Annual Meeting.

#### *Full Set Delivery Option*

Under the full set delivery option, a company delivers all proxy material to its stockholders by mail as it would have done prior to the change in the rules. In addition to delivery of proxy materials to stockholders, the company must post all proxy materials on a publicly-accessible website and provide information to stockholders about how to access the website.

In connection with the Annual Meeting, the Company elected to use the full set delivery option. Accordingly, you should have received our proxy materials by mail. These proxy materials include the Notice of Annual Meeting of Stockholders, proxy statement, proxy card and 2009 Annual Report on Form 10-K. Additionally, we have posted these proxy materials <http://www.rrdezproxy.com/2010/CryoCell2010/>.

#### *Notice Only Option*

Under the notice only option, a company must post all proxy materials on a publicly-accessible website. Instead of delivering proxy materials to its stockholders, the company instead delivers a Notice of Internet Availability of Proxy Material. The notice includes, among other matters:

information regarding the date and time of the Annual Meeting of Shareholders as well as the items to be considered at the meeting;

information regarding the website where the proxy materials are posted; and

various means by which a stockholder can request paper or e-mail copies of the proxy materials.

If a stockholder requests paper copies of the proxy materials, these materials must be sent to the stockholder within three business days and by first class mail.

*The Company May Elect to Use the Notice Only Option in the Future*

Although the Company elected to use the full set delivery option in connection with the Annual Meeting, it may choose to use the notice only option in the future. By reducing the amount of materials that a company needs to print and mail, the notice only option provides an opportunity for costs savings as well as conservation of paper products. However, many companies that have used the notice only option have also experienced a lower participation rate resulting in fewer votes being cast at the annual meeting. The Company plans to evaluate the future possible cost savings as well as the possible impact on stockholder participation as it considers the potential future use of the notice only option.

**Meeting Attendance**

You may vote shares you hold directly in your name as the stockholder of record in person at the annual meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification. Even if you plan to attend the annual meeting, we recommend that you also submit the enclosed proxy card, in accordance with the instructions on the proxy card and as described below, so that your vote will be counted if you later decide not to attend the meeting.

If you hold your shares in street name, you must obtain a signed proxy form (referred to as a legal proxy) from the record holder in order to vote these shares in person at the meeting.

**ELECTION OF DIRECTORS**

The number of directors to be elected at the Annual Meeting is seven. Each of the nominees named below is currently a director of the Company. If elected, each of the seven directors will hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified, or as otherwise provided by the Company's bylaws or by Delaware law.

It is intended that the shares represented by the enclosed proxy will be voted for the election of these seven nominees (unless such authority is withheld by a stockholder) as described herein. In the event that any of the nominees should become unable or unwilling to serve as a director, it is intended that the proxy will be voted for the election of such person or persons, if any, who shall be designated by the board of directors to replace such nominee or, if no replacement is named, for the balance of the nominees, in which case the size of the board would be reduced accordingly. The board has no reason to believe that any of the nominees will be unwilling or unable to serve if elected.

No other nominations of persons for election as directors of the Company were submitted to the Company pursuant to the advance notice provisions of the Company's bylaws. Thus, any nominations raised at the meeting, other than the Board's nominees, will be ruled out of order.

The name, age, principal occupation and other information concerning each current nominee for election as a director are set forth below:

*Mercedes Walton, 56. Chairman of the Board and Chief Executive Officer.* Ms. Walton has served as a director of the Company since October 2000, as Chairman since June 2002, as Interim Chief Executive Officer from April 2003 through August 2005 and as the Chief Executive Officer since September 2005. She was CEO of Ralston Hill Consulting LLC, a business development and strategic technology consulting practice, from March 2000 until August 2005. Ralston Hill Consulting specializes in the design and deployment of technology commercialization strategies. From January 2001 to September 2001, Ms. Walton was employed as the President and Chief Operating Officer of Applied Digital Solutions, Inc., a provider of e-business solutions. Ms. Walton

was employed by AT&T from 1976 to 2000. She served as AT&T's Vice President-Corporate Strategy and Business Development from January 1999 to March 2000, and as its Business Development Vice President-Corporate Strategy from March 1996 to December 1998. Ms. Walton's educational achievements include a Bachelor of Arts degree from Smith College, and Masters degrees from both Harvard University and Massachusetts Institute of Technology. Prior to its acquisition by Black Box Corporation (NASDAQ:BBOX), Ms. Walton served on the Board of Directors of Norstan, Inc., which provides communications solutions and services, where she served on the Audit Committee and chaired the Corporate Governance Committee. She currently serves on the Board of Directors of SAVVIS, Inc. (NASDAQ: SVVS), which provides information technology infrastructure services for business applications, where she is a member of the Audit and Business Development Committees.

*Michael W. Cho, Ph.D. 44.* Mr. Michael W. Cho, Ph.D. has served as a director since March 2010. Dr. Cho joined Iowa State University's (ISU) department of biomedical sciences in September 2009 as an associate professor and associate director of their newly established Center for Advanced Host Defenses, Immunobiotics and Translational Comparative Medicine (CAHDIT). He holds the Lloyd Chair in Biomedical Sciences in the College of Veterinary Medicine. Dr. Cho earned his Ph.D. at the University of Utah in Cellular, Viral and Molecular Biology with an emphasis on molecular virology of picornaviruses. He expanded his expertise in virology during postdoctoral training at the National Institutes of Health (NIH), where he began working on characterizing structure-function of the envelope glycoprotein of human immunodeficiency virus type 1 (HIV-1), the virus that causes AIDS. After postdoctoral training, he remained at the NIH as a staff fellow and then a staff scientist to work on development of a vaccine against the virus. Dr. Cho then took faculty positions at Case Western Reserve University School of Medicine, where he expanded his research programs to develop novel vaccine delivery technologies and antiviral agents. Dr. Cho will continue these programs in his laboratory at ISU.

*Ki Yong Choi, 48.* Mr. Choi has served as a director of the Company since March 2008. Mr. Choi is the founder and has been President of Cathedral Hill Associates, Inc., a company that owns and operates hotels in Seattle, Washington, La Mirada, California, and Dallas, Texas, since 1992. Mr. Choi was nominated to the board of directors pursuant to an agreement between the Company and Mr. Choi and certain of his affiliates. See Certain Transactions.

*Scott Christian, 55.* Mr. Christian has served as a director of the Company since April 2003. Mr. Christian has been the Chief Executive Officer of Spanlink Communications, Inc. since October 2008 and previously was the Chief Financial Officer of Spanlink from January 2007 to October 2008. Mr. Christian was the Vice President and General Manager of Black Box Voice Services from January 2005 until November 2006. He served as President and Chief Executive Officer of Norstan, Inc. from February 2004 until January 25, 2005, when Norstan was acquired by Black Box Corporation, and as a member of Norstan's Board of Directors from March 2004 until January 25, 2005. Previously, he had been Executive Vice President and Chief Financial Officer of Norstan since January 2001. Prior to its acquisition, Norstan was one of the largest independent communications solutions and services companies serving enterprise customers in North America, with revenues exceeding \$200 million. Mr. Christian served as Senior Vice President of Finance of Ceridian Corporation from April 1999 to October 2000. From April 1981 to February 1999, Mr. Christian was employed by Automatic Data Processing in a variety of capacities, including Chief Financial Officer for the Electronic Services Division from 1995 to 1999. Mr. Christian has 30 years of experience in financial management. Mr. Christian's educational achievements include a Bachelor of Arts degree from the University of Dayton, and a Master's degree from Pepperdine University.

*Andrew J. Filipowski, 60.* Mr. Filipowski served as a director of the Company from July 16, 2007 to January 22, 2008, and since March 2008. Since May 2003, Mr. Filipowski has been the Chairman and Chief Executive Officer of SilkRoad Equity, LLC, a private investment firm. Mr. Filipowski served as the Chairman and Chief Executive Officer of divine, inc., previously known as divine interventures, inc., an Internet services and enterprise software company, from 1999 until May 2003. In February 2003, divine, inc. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. Prior to 1999, Mr. Filipowski was the Founder, Chairman and Chief Executive Officer of PLATINUM technology, inc., a worldwide provider of enterprise systems software

and services, which was sold to Computer Associates International, Inc. in 1999. Mr. Filipowski was nominated to the board of directors pursuant to an agreement between the Company and Mr. Filipowski and certain of his affiliates. See Certain Transactions.

*Anthony P. Finch, 59.* Mr. Finch has served as a director since March 2003. Mr. Finch has been Chief Scientific Officer of the Irish National Blood Centre and National Tissue Typing Reference Laboratory for more than the past five years. There, Mr. Finch is responsible for the direction, management, organization, integration and restructuring of the national laboratories and their ancillary services to comply with the highest pharmaceutical standards. Mr. Finch has over 30 years of experience in cell separation and cryopreservation of cellular products, with over 15 years of experience in cord blood processing. In 1993, Mr. Finch pioneered the fractionation and isolation of cord blood stem cells for small volume cryogenic storage and has developed large scale processing in line with current Good Manufacturing Practice. He has established several cord blood stem cell banks in the United States, Europe and Asia. Among numerous professional affiliations, Mr. Finch is a Fellow of both the Academy of Medical Laboratory Sciences and Institute of Biomedical Sciences, and is a member of the Cord Blood Stem Cell International Society.

*Sung Won Sohn, Ph.D., 65.* Dr. Sohn has served as a director since March 2010. Dr. Sohn is the Martin V. Smith professor of economics and finance at a California State University CI and Vice Chairman of a multi-national retailer, Forever 21. Dr. Sohn was the President and Chief Executive Officer of Hanmi Bank, a commercial bank in Los Angeles, California. Prior to joining Hanmi in 2005, Dr. Sohn was an Executive Vice President and Chief Economic Officer of Wells Fargo Banks. Prior to his tenure at Wells Fargo, Dr. Sohn was a senior economist on the President's Council of Economic Advisors in The White House. Dr. Sohn's educational achievements include a Bachelor of Arts degree from the University of Pittsburgh and a Master's degree from Harvard Business School.

**OUR BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF MERCEDES WALTON, ANTHONY P. FINCH, SCOTT CHRISTIAN, ANDREW J. FILIPOWSKI, KI YONG CHOI, MICHAEL CHO, Ph.D. and SUNG WON SOHN, Ph.D. BY EXECUTING AND RETURNING THE ENCLOSED PROXY CARD OR VOTING BY ONE OF THE OTHER WAYS INDICATED THEREON. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY OTHERWISE.**

#### **Other Executive Officers**

Biographical information regarding the Company's executive officers who are not currently serving as directors of the Company is set forth below:

*Jill Taymans, 40, Vice President, Finance and Chief Financial Officer.* Ms. Taymans joined the Company in April 1997 serving initially as Controller and was appointed Chief Financial Officer in May 1998. Ms. Taymans graduated from the University of Maryland in 1991 with a BS in Accounting. She has worked in the accounting industry for over 18 years in both the public and private sectors. Prior to joining the Company, she served for three years as Controller for a telecommunications company in Baltimore, Maryland.

*Julie Allickson, Ph.D., 47, Vice President of Laboratory Operations and R&D.* Dr. Allickson joined the Company in 2004 as Technical Director of Laboratory Operations and has served as the Company's Vice President of Laboratory Operations and R&D since April 2007. Dr. Allickson also has served as a member of the Cryo-Cell Medical Scientific Advisory Board since October 2006. Prior to joining the Company, she worked for the University of Miami-School of Medicine, Diabetes Research Institute since 2000 as the Laboratory Manager of the cGMP Cell Processing Facility where she had responsibility for cell processing operations, laboratory design and implementation and regulatory affairs. Prior to that time, she worked for the American Red Cross since 1989, managing the Hematopoietic Cell Processing and Platelet Serology Laboratory. Dr. Allickson has 20 years of laboratory experience and 17 years in Cellular Therapy Processing. She was one of the founding members of the International Society of Cellular Therapy in 1992, has been a member of the American Association of Blood Banks (AABB) for 17 years and is a member of the AABB Standards Committee for Cell Therapy Product Services.

## THE BOARD OF DIRECTORS AND ITS COMMITTEES

The business and affairs of the Company are managed under the direction of the board of directors. Currently, seven directors sit on the board of directors. Each director is elected to hold office for a period of one year or until his or her successors is elected. The Company expects its directors to attend the annual meetings of stockholders, if possible. Four of the then five directors attended last year's annual meeting.

The board of directors held four meetings during the fiscal year ended November 30, 2009, and each of the directors then in office, except Andrew Filipowski, attended at least 75% of the regularly scheduled meetings of the board and the committees of the board of which the director was a member. The committees established by the board of directors include the following:

### **Audit Committee**

The current members of the audit committee are Mr. Christian (Chairman) and Messrs. Choi, Finch and Sohn. The audit committee is comprised entirely of non-employee, independent members of the board of directors and operates under a written charter adopted by the board of directors which was attached to the Company's Proxy Statement for the 2009 annual meeting of stockholders. The charter sets out the responsibilities, authority and specific duties of the audit committee. In addition, the charter specifies the structure and membership requirements of the committee, as well as the relationship of the audit committee to the independent auditors and management of the Company.

The audit committee assists the board of directors in fulfilling its responsibilities of ensuring that management is maintaining an adequate system of internal controls such that there is reasonable assurance that assets are safeguarded and that financial reports are properly prepared; that there is consistent application of generally accepted accounting principles; and that there is compliance with management's policies and procedures. In performing these functions, the audit committee meets periodically with the independent auditors and management to review their work and confirm that they are properly discharging their respective responsibilities. In addition, the audit committee recommends the independent auditors for appointment by the board of directors. The audit committee met four times during the last fiscal year. The members of the audit committee are independent, as independence is defined in Rule 4200(a)(15) of the Nasdaq listing standards and Rule 10A-3 under the Securities Exchange Act of 1934.

The board of directors has determined that each of the audit committee members is able to read and understand fundamental financial statements. In addition, the board of directors has determined that audit committee members, Mr. Scott Christian and Dr. Sung Won Sohn, are each an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K promulgated under the Securities and Exchange Act of 1934. Mr. Christian's relevant experience includes his prior position as Chief Financial Officer of Spanlink Communications, Inc. and his prior service as the Chief Financial Officer of Norstan, Inc., Senior Vice President of Finance of Ceridian Corporation, and Chief Financial Officer of the Electronic Services Division of Automatic Data Processing, Inc. In addition, Mr. Christian has an MBA degree from Pepperdine University. Dr. Sohn's relevant experience includes being the Martin V. Smith professor of economics and finance at a California State University CI and Vice Chairman of a multi-national retailer, Forever 21, as well as the President and Chief Executive Officer of Hanmi Bank, a commercial bank in Los Angeles, California. Dr. Sohn was also previously a senior economist on the President's Council of Economic Advisors in The White House. In addition, Dr. Sohn has a Master's degree from Harvard Business School.

### **Compensation Committee**

The current members of the compensation committee are Mr. Filipowski (Chairman) and Messrs. Cho, Choi and Christian. The primary function of the compensation committee is to review the Company's compensation philosophy and policy, which determines management and executive compensation benefits. The compensation committee is also responsible for the administration of the Company's stock option plans and is the approving

authority for management recommendations with respect to option grants. There were two meetings of the compensation committee during the last fiscal year. The compensation committee is comprised entirely of non-employee, independent members of the board of directors and operates under a written charter adopted by the board of directors which was attached to the Proxy Statement for the Special Meeting held in March 2008. The charter sets out the responsibilities, authority and specific duties of the compensation committee.

### **Governance Committee**

The current members of the governance committee are Mr. Finch (Chairman) and Messrs. Cho, Filipowski and Sohn. The primary focus of the governance committee is on the broad range of issues surrounding the composition and operation of the Company's board of directors. The committee provides assistance to the board of directors in the areas of membership selection, committee selection and rotation practices, evaluation of the overall effectiveness of the board of directors, and review and consideration of developments in corporate governance practices. The committee's goal is to assure that the composition, practices and operation of the board of directors contribute to value creation and effective representation of the Company's stockholders.

The governance committee performs similar functions to a nominating committee for the Company as described above. The governance committee has adopted a charter which was attached to the Company's Proxy Statement for the 2009 annual meeting of stockholders. The charter does not, however, cover the procedures for director-nominations made by our board of directors. During the last fiscal year there was one meeting of the governance committee.

### **Director Independence**

The Board determined that the following individuals who were directors during all or a portion of fiscal 2009, were independent, as independence is defined in Rule 4200(a) (15) of the Nasdaq listing standards: Anthony Finch, Scott Christian, Andrew Filipowski and Ki Yong Choi. Dr. Michael Cho and Dr. Sung Won Sohn were appointed directors in March 2010 at which time the Board determined that they were independent, as independence is defined in Rule 4200(a) (15) of the Nasdaq listing standards.

### **Director Nomination Process**

The governance committee's process for reviewing nominees is typically as follows. When a directorship becomes vacant, or the board otherwise determines that an individual should be recruited for possible nomination to the board, the governance committee, in consultation with the Company's Chief Executive Officer, will prepare a profile of a candidate expected to provide the most meaningful contribution to the board as a whole. The governance committee (or a subcommittee designated by the governance committee) will normally consider all of the following: (a) the candidate's skills, experience and other relevant biographical information, (b) the candidate's general interest in serving a public corporation, (c) the candidate's ability to attend board and committee meetings, and (d) any potential concerns regarding independence or conflicts of interest. Following the initial screening, if the governance committee approves a candidate for further review, the governance committee will establish an interview process for the candidate. It is expected that at least a majority of the members of the governance committee, along with the Company's Chief Executive Officer, would interview each candidate. At the same time, the governance committee, assisted by the Company's legal counsel, will conduct a comprehensive conflicts-of-interest assessment for the candidate. The governance committee will then consider reports of the interviews and the conflicts-of-interest assessment and determine whether to recommend the candidate to the full board of directors. A subcommittee of the governance committee, management representatives designated by the governance committee or a search firm selected by the governance committee may assist the process. Any nominee recommended by a stockholder would be subject to the same process.

The governance committee will consider director-nominees submitted by stockholders. Any stockholder recommendation should be submitted in writing to the Company in care of the Corporate Secretary at 700 Brooker Creek Boulevard, Suite 1800, Oldsmar, Florida 34677, along with the written consent of such nominee

to serve as a director if so elected. Any such recommendation by a stockholder shall be referred to the governance committee, and the governance committee, in consultation with the Company's Chief Executive Officer, will review the nomination in accordance with the Company's certificate of incorporation, bylaws and applicable laws and regulations. The governance committee considers general business experience, industry experience, track record as a director of other companies, probable tenure if elected and other factors as relevant in evaluating director-nominees.

According to the Company's bylaws, only persons nominated in accordance with the following procedures shall be eligible for election by stockholders as directors. Nominations of persons for election as directors at a meeting of stockholders called for the purpose of electing directors may be made by or at the direction of the board of directors, or by any stockholder in the manner described below. For a nomination to be properly made by a stockholder, the stockholder must give written notice to the Company's corporate Secretary so as to be received at the principal executive offices of the Company not more than 90 days and no less than 60 days before the first anniversary date on which the Company mailed its proxy materials for the preceding year's annual meeting, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice must be so received no later than the 90th day prior to such annual meeting or the 10th day after the date on which public disclosure of the date of such meeting is first made. The public disclosure of an adjournment of an annual meeting will not commence a new time period for the giving of a timely stockholder notice. Each such notice shall set forth:

the name and address, as they appear on the Company's books, of the stockholder giving the notice and of the beneficial owner, if any, on whose behalf the nomination is made;

a representation that the stockholder giving the notice is a holder of record of stock of the Company entitled to vote at such annual meeting and intends to appear in person or by proxy at the annual meeting to nominate the person or persons specified in the notice;

the class and number of shares of stock of the Company owned beneficially and of record by the stockholder giving the notice and by the beneficial owner, if any, on whose behalf the nomination is made;

a description of all arrangements or understandings between or among any of (A) the stockholder giving the notice, (B) the beneficial owner on whose behalf the notice is given, (C) each nominee, and (D) any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder giving the notice;

such other information regarding each nominee proposed by the stockholder giving the notice as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the board of directors;

the signed consent of each nominee to serve as a director of the Company if so elected;

whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of the Company entitled to vote required to elect such nominee or nominees; and

a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in the notice.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers, directors and persons who are the beneficial owners of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Officers, directors and beneficial owners of more than 10% of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments that we received with respect to transactions during fiscal 2009, we believe that all such forms were filed on a timely basis.

**Ability of Stockholders to Communicate with the Board of Directors**

The Company's board of directors has established several means for our stockholders and others to communicate with the board of directors. If a stockholder has a concern regarding the Company's financial statements, accounting practices or internal controls, the concern should be submitted in writing to the Company's audit committee, in care of the corporate Secretary, at the Company's headquarters address. If the concern relates to the Company's governance practices, business ethics or corporate conduct, the concern should be submitted in writing to the Chairman of the Board, in care of the corporate Secretary, at the Company's headquarters address. All stockholder communications will be sent to the applicable director(s).

**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

Grant Thornton LLC, served as our independent registered public accounting firm for the fiscal year ended November 30, 2009 and will serve in that capacity in fiscal 2010. We anticipate that, representatives of Grant Thornton will be available at the Annual Meeting to respond to questions and make a statement if they desire to do so.

At the Annual Meeting, our stockholders will be asked to ratify the selection of Grant Thornton, LLC as our independent registered public accountants for fiscal 2010. Although there is no requirement that we submit the appointment of independent registered public accountants to stockholders for ratification, we believe that it is good corporate practice to do so. Even if the appointment is ratified, however, the audit committee of our board of directors may, in its discretion, direct the appointment of different independent registered accountants during the year, if the audit committee determines such a change would be in our best interests.

**Our board of directors recommends you vote FOR ratification of the appointment of Grant Thornton, LLC as our independent registered public accountants.**

**Fees to Independent Auditors**

The following table presents fees for professional audit services rendered by Grant Thornton for the audit of the Company's financial statements for the fiscal years ended November 30, 2009 and November 30, 2008 and fees billed for other services rendered by Grant Thornton during these periods.

	2009	2008
Audit Fees	\$ 299,086	\$ 376,251
Tax Fees	30,918	120,818
Other	23,490	39,960
Total	\$ 353,494	\$ 537,029

**Audit Fees**

Audit fees consisted of the aggregate fees billed by our independent auditors for professional services rendered for the audit of the Company's annual financial statements set forth in the Company's Annual Report on Form 10-K for the year ended November 30, 2009 and November 30, 2008.

**Tax Fees**

Tax fees consisted of the aggregate fees billed by our independent auditors for professional services rendered for tax compliance, tax advice and tax planning for the years ended November 30, 2009 and November 30, 2008.

**Other Fees**

Other fees consisted of billings by our independent auditors for professional services rendered for agreed upon procedures in relation to royalty payments received from the Company's international affiliates.

The policy of the Company's audit committee is to review and pre-approve both audit and non-audit services to be provided by the independent auditors (other than with de minimis exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one or more designated members of the audit committee with any such approval reported to the committee at its next regularly scheduled meeting. All of the fees described above under the captions "Audit-Related Fees", "Tax Fees" and "Other Fees" and paid to Grant Thornton were pre-approved by the audit committee.

No services in connection with appraisal or valuation services, fairness opinions or contribution-in-kind reports were rendered by Grant Thornton. Furthermore, no work of Grant Thornton with respect to its services rendered to the Company was performed by anyone other than Grant Thornton.

**REPORT OF THE AUDIT COMMITTEE**

The audit committee reports to and acts on behalf of the board of directors by providing oversight of the financial management, independent auditors and financial reporting procedures of the Company. The Company's management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements. The audit committee is responsible for overseeing the conduct of these activities by the Company's management and the independent auditors.

In this context, the committee has met and held discussions with management and Grant Thornton LLP, the Company's independent registered public accounting firm. Management represented to the committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the committee has reviewed and discussed the consolidated financial statements with management and the independent auditors.

The committee has discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended. In addition, the audit committee received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and the committee and the independent auditors have discussed the auditors' independence from the Company and its management, including the matters in those written disclosures. The committee has discussed with the Company's independent auditors, with and without management present, their evaluation of the Company's internal accounting controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions with management and the independent auditors referred above, the audit committee recommended to the board of directors and the board of directors approved, the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2009, for filing with the Securities and Exchange Commission. The audit committee also recommended to the board of directors, and the board of directors approved, the selection of Grant Thornton LLP as the Company's independent auditors for the fiscal year ended November 30, 2010.

Scott Christian (Chairman)  
Anthony Finch  
Ki Yong Choi  
Sung Won Sohn, Ph.D.

## SECURITY OWNERSHIP OF

## CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of July 6, 2010 by (i) each person who is known by the Company to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each director and director nominee of the Company, (iii) each executive officer of the Company, and (iv) all current directors and executive officers of the Company as a group. Except as otherwise indicated below, each of the stockholders named in the table has sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned	Percent of Class (1)
<b>Current directors, nominees and executive officers:</b>		
Mercedes Walton (2)	462,421	3.80%
Scott Christian (3)	37,276	*
Anthony Finch (4)	134,500	1.14%
Ki Yong Choi (5)	2,471,929	20.97%
Andrew J. Filipowski (6)	598,767	5.02%
Michael Cho, Ph.D.		
Sung Won Sohn, Ph.D.		
Jill M. Taymans (7)	70,194	*
Julie G. Allickson (8)	38,749	*
<b>Other beneficial owners:</b>		
Portnoy Group (9)	1,595,040	13.57%
Filipowski Group (10)	623,767	5.59%
All current directors and executive officers as a group (9 persons) (11)	3,181,712	30.75%

\* Less than 1%.

(1) Pursuant to applicable SEC rules, the percentage of voting stock for each stockholder is calculated by dividing (i) the number of shares deemed to be beneficially held by such stockholders as July 6, 2010 by (ii) the sum of (a) 11,752,574, which is the number of shares of common stock outstanding as July 6, 2010 plus (b) the number of shares issuable upon exercise of options (which are shares that are not voting until exercised) held by such stockholder which were exercisable as of July 6, 2010 or will become exercisable within 60 days. Unless otherwise indicated, the address of each person in the table is 700 Brooker Creek Boulevard, Suite 1800, Oldsmar, Florida 34677.

(2) Includes 412,764 shares subject to stock options.

(3) Includes 30,000 shares subject to stock options.

(4) Includes 30,000 shares subject to stock options.

(5) A group consisting of Mr. Choi and UAD 7/21/01 FBO Choi Family Living Trust filed a Schedule 13D/A on April 29, 2009, reporting the following beneficial ownership: (i) 2,136,929 shares of common stock held directly by Mr. Choi, as to which he has the sole power to vote and dispose or direct the disposition; and (ii) 233,472 shares of common stock held by UAD 7/21/01 FBO Choi Family Living Trust, as to which Mr. Choi has the sole power to vote and dispose or direct the disposition. Beneficial ownership information is supplied per the Schedule 13D/A. The address for Mr. Choi, as set forth in the Schedule 13D/A filed



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April 29, 2009, is c/o David Wilson, Davis Wright Tremaine LLP, 1201 Third Avenue, Suite 2200, Seattle WA, 98101. Also subject to 35,000 shares subject to stock options.

- (6) Includes 35,000 shares subject to stock options.
- (7) Includes 52,642 shares subject to stock options.
- (8) Includes 36,718 shares subject to stock options.
- (9) A group consisting of David I. Portnoy, certain affiliates of Mr. Portnoy and certain other persons filed a Schedule 13D/A on November 26, 2007 (the Schedule 13D/A ), in which they expressly affirmed their membership in the group. Mr. Portnoy may be deemed the beneficial owner of 734,546 shares of common stock, which number includes (i) 206,000 shares of common stock held directly by Mr. Portnoy, as to which he has the sole power to vote and dispose or direct the disposition; (ii) 53,850 shares of common stock held by Visual Investment Corp. ( VIC ), as to which Mr. Portnoy may be deemed the beneficial owner as the sole officer and director of VIC; (iii) 90,787 shares of common stock held by PartnerCommunity, Inc. ( PCI ), as to which Mr. Portnoy may be deemed the beneficial owner as chairman of the board and secretary of PCI and as managing member and owner of Mayim Management, LLC ( MM ), which may exercise investment and voting discretion over such shares in accordance with the agreement between PCI and MM described under Item 6 of the Fourth Amendment to the general statement of acquisition of beneficial ownership (the Statement ), filed with the SEC on March 26, 2007; (iv) 174,430 shares of common stock held by Jamie H. Zidell, as to which Mr. Portnoy may be deemed the beneficial owner as a result of exercising investment (but not voting) discretion over such shares in accordance with the agreement between Mr. Portnoy and Mr. Zidell described under Item 6 of the Third Amendment to the Statement, filed with the SEC on February 1, 2007; (v) 183,475 shares of common stock held by Mayim Investment Limited Partnership, as to which Mr. Portnoy may be deemed the beneficial owner as the managing member of MM, which is the general partner of Mayim Management Limited Partnership, which is the general partner of Mayim Investment Limited Partnership; (vi) 119,080 shares of common stock held by the Crilly Court Trust, whose beneficiary is David W. Ruttenberg, as to which Mr. Portnoy may be deemed the beneficial owner as a result of exercising investment (but not voting) discretion over such shares in accordance with the agreement between Mr. Portnoy and Mr. Ruttenberg described under Item 6 of the Second Amendment to the Statement, filed with the SEC on June 26, 2006; (vii) 16,150 shares of common stock held by Lynne Portnoy, 143 shares of common stock held by Mr. Gilbert Portnoy and an additional 3,000 shares held jointly by Lynne Portnoy and Gilbert Portnoy, as to which Mr. Portnoy may be deemed the beneficial owner as a result of exercising investment and voting discretion over such shares in accordance with the agreement between Ms. Portnoy, Mr. Gilbert Portnoy and Mr. David Portnoy described under Item 6 of the Third Amendment to the Statement, filed with the SEC on February 1, 2007; and (viii) 14,700 shares of common stock held by Deborah Hadjaje, as to which Mr. Portnoy may be deemed the beneficial owner as a result of exercising investment (but not voting) discretion over such shares in accordance with the agreement between Deborah Hadjaje and Mr. Portnoy described under Item 6 of the Sixth Amendment to the Statement, filed with SEC on November 26, 2007. Other members of the group beneficially own the following numbers of shares, including sole power to vote and dispose or direct the disposition: (a) Mark L. Portnoy, 116,515 shares; (b) Capital Asset Fund Limited Partnership, 40,000 shares; (c) George Gains, 200,000 shares; (d) Scott D. Martin, 216,000 shares; (e) Steven Berkowitz, 150,000; (f) Craig E. Fleishman, 9,100 shares; and (g) Focus Financial Corp., 1,810 shares. Beneficial ownership information is supplied per the Schedule 13D/A. The address for Mr. Portnoy, as set forth in the Schedule 13D/A, is c/o Focus Financial Group, 52 Camden Drive, Bal Harbour, FL 33154.
- (10) A group consisting of Andrew J. Filipowski, The Andrew J. Filipowski Revocable Trust, Matthew G. Roszak and Silkroad Equity LLC filed a Schedule 13D/A on April 28, 2009, reporting the following beneficial ownership: (i) 59,500 shares of common stock held directly by Mr. Filipowski, as to which he has

the sole power to vote and dispose or direct the disposition; (ii) 180,650 shares of common stock held by Andrew J. Filipowski Revocable Trust, as to which the trust has the sole power to vote and dispose or direct the disposition; (iii) 54,000 shares of common stock held by Mr. Roszak and 6,000 shares of common stock held by Mr. Roszak's individual retirement account, as to which Mr. Roszak has the sole power to vote and dispose or direct the disposition; and (iv) 323,617 shares of common stock held by SilkRoad Equity LLC, as to which Mr. Roszak has the sole power to vote and dispose or direct the disposition as a managing member of SilkRoad Equity LLC. Beneficial ownership information is supplied per the Schedule 13D/A. The address for Mr. Filipowski, as set forth in the Schedule 13D/A, is c/o Matthew Roszak, SilkRoad Equities LLC is 111 N. Chestnut Street, Suite 200, Winston-Salem, NC 27101. Also includes 35,000 shares subject to stock options.

(11) Includes 632,123 shares subject to stock options.

**EXECUTIVE AND DIRECTOR COMPENSATION****Summary Compensation Table**

The table below summarizes the total compensation during the fiscal year ended November 30, 2009, paid to or earned by (i) the Company's Chief Executive Officer and (ii) the two other most highly compensated individuals that served as executive officers of the Company as of November 30, 2009, whose total compensation received from the Company during such fiscal year exceeded \$100,000 (collectively, the named executives).

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option Awards (\$) (1)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$) (2)</b>	<b>Total (\$)</b>
Mercedes Walton	2009	\$ 348,100	\$ 105,930	\$ 18,859	\$ 0	\$ 17,938	\$ 472,889
Chief Executive Officer	2008	\$ 350,600	\$ 0	\$ 43,098	\$ 0	\$ 22,344	\$ 416,042
Jill M. Taymans	2009	\$ 166,217	\$ 37,299	\$ 5,459	\$ 0	\$ 0	\$ 209,074
Vice President Finance, Chief Financial Officer	2008	\$ 166,217	\$ 0	\$ 12,474	\$ 0	\$ 0	\$ 178,691
Julie Allickson	2009	\$ 150,000	\$ 33,750				