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MERIDIAN HOLDINGS INC
Form DEF 14A
January 18, 2005

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

- Filed by the Registrant
- Filed by party other than the Registrant
- 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

MERIDIAN HOLDINGS, INC

Payment of Filing Fee (Check appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- 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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Meridian Holdings, Inc.
900 Wilshire Boulevard, Suite 500
Los Angeles, California 90017

February 5, 2005

RE: NOTICE OF ANNUAL MEETING FOR THE YEAR ENDING DECEMBER 2004

Dear Meridian Holdings Stockholder:

On behalf of the Board of Directors, it is a pleasure to invite you to attend the 2004 Annual Meeting of Stockholders to be held at 1:00 p.m. Standard Pacific time, on March 5, 2005, at 900 Wilshire Blvd., Suite 500 Los Angeles, California 90017 for the following purposes:

1. To elect four members of the Company's Board of Directors to serve for a one-year term;
2. To ratify the appointment of Madsen Associates CPA's, Inc., as the Company's independent certified public accountant for the fiscal year ending December 31, 2003 and 2004 respectively; and
3. To consider and vote upon a proposal to re-approve the Company's 2001 Joint Incentive and Non-Qualified Stock Option Plan for the 2005 fiscal year, with retro-active re-pricing of the option shares based on a 12 months average of the fair market value of the Stock for each of the option period (2001-2004)
4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Members of management will report on the Company's operations, followed by a period for questions and discussion.

The Board of Directors has fixed the close of business on December 31, 2004 as the record date for determining those stockholders entitled to notice of, and to vote at, the annual meeting. A list of stockholders entitled to vote at the annual meeting may be examined at the offices of the Company situated at 900 Wilshire Boulevard, Suite 500, Los Angeles, California 90017 during the ten-day period preceding the Annual Meeting.

We hope you can attend the meeting. Regardless of the number of shares you own, your vote is very important. Please ensure that your shares will be represented at the meeting by signing and returning your proxy now, even if you plan to attend the meeting.

Thank you for your continued support of the Company.

Sincerely,

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/s/ ANTHONY C. DIKE

Anthony C. Dike,
Chairman of the Board & CEO

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PLEASE SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.

MERIDIAN HOLDINGS, INC.

PROXY - ANNUAL MEETING OF STOCKHOLDERS - MARCH 5, 2005

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned stockholder of Meridian Holdings, Inc. (the "Company") hereby constitutes and appoints Anthony C. Dike, lawful attorneys and proxies of the undersigned, with full power of substitution, for and in the name, place and stead of the under- signed, to vote at the Annual Meeting of Stockholders of the Company to be held at 900 Wilshire Blvd., Suite 500 Los Angeles, California, 90017, March 5, 2005 at 1:00 P.M. (local time), and any adjournment(s) thereof, with all powers the undersigned would possess if personally present and to vote thereat, as provided below, the number of shares the undersigned would be entitled to vote if personally present for the following purposes:

(Check One) FOR AGAINST ABSTAIN

ITEM 1: To elect the following
four nominees as directors of the Company
to serve until the next Annual Meeting
of Stockholders:

| | | | |
|-------------------|-----|-----|-----|
| Jerry Aguolu | () | () | () |
| James Truher | () | () | () |
| Randy Simpson | () | () | () |
| Marcellina Offoha | () | () | () |

ITEM 2: To ratify the reappointment of
Madsen Associates, CPA's, Inc., as the independent
auditor for the fiscal year ending
December 31, 2003 and 2004 respectively;

() () ()

ITEM 3: To consider and vote upon a proposal
to re-approve the Company's 2001 Joint Incentive
and Non-Qualified Stock Option Plan for the

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2005 fiscal year, with retro-active re-pricing of the option shares based on a 12 months average of the fair market value of the Stock for each of the option period (2001-2004) () () ()

ITEM 4: In his discretion, on such other matters as may properly come before the meeting or any adjournments thereof; all as more particularly described in the Company's Proxy Statement dated February 5, 2005, relating to such meeting, receipt of which is hereby acknowledged.

Every properly signed proxy will be voted in accordance with the specifications made thereon. IF NOT OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR EACH ITEM LISTED ABOVE. All prior proxies are hereby revoked. This Proxy will also be voted in accordance with the discretion of the proxies or proxy on any other business. Receipt is hereby acknowledged of the Notice of Special Meeting and Proxy Statement.

(LABEL CONTAINING NAME, ADDRESS AND NUMBER OF SHARES GOES HERE)

Signature Signature (if jointly held)
Print Name Print Name
Dated Dated

(Please sign exactly as name appears hereon. When signing as attorney, executor, administrator, trustee, guardian, etc., give full title as such. For joint accounts, each joint owner should sign.)

THIS IS AN IMPORTANT MEETING AND ALL STOCKHOLDERS ARE INVITED TO ATTEND THE MEETING IN PERSON. THOSE STOCKHOLDERS WHO ARE UNABLE TO ATTEND ARE RESPECTFULLY URGED TO EXECUTE AND RETURN THE ENCLOSED PROXY FORM AS PROMPTLY AS POSSIBLE. STOCKHOLDERS WHO EXECUTE A PROXY FORM MAY NEVERTHELESS ATTEND THE MEETING, REVOKE THEIR PROXY, AND VOTE THEIR SHARES IN PERSON. YOUR BOARD RECOMMENDS THAT YOU VOTE IN FAVOR OF THE NOMINEES FOR DIRECTORS AND FOR THE OTHER PROPOSALS TO BE CONSIDERED AT THE ANNUAL MEETING. PLEASE MARK, SIGN, DATE AND RETURN THE PROXY FORM PROMPTLY USING THE ENCLOSED ENVELOPE

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be Held March 5, 2005 1:00 P.M.

MERIDIAN HOLDINGS, INC.
900 Wilshire Blvd. Suite 500
Los Angeles, CA 90017

To the Stockholders of Meridian Holdings, Inc.

The annual meeting of stockholders of Meridian Holdings, Inc a California corporation (the "Company"), will be held at 1:00 p.m. Standard Pacific time, on March 5, 2005, at 900 Wilshire Blvd., Suite 500, Los Angeles, California 90017 for the following purposes:

1. To elect four members of the Company's Board of Directors to serve for a one-year term;

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2. To ratify the appointment of Madsen Associates CPA's, Inc., as the Company's independent certified public accountant for the fiscal year ending December 31, 2003 and 2004 respectively; and

3. To consider and vote upon a proposal to re-approve the Company's 2001 Joint Incentive and Non-Qualified Stock Option Plan for the 2005 fiscal year, with retro-active re-pricing of the option shares based on a 12 months average of the fair market value of the Stock for each of the option period (2001-2004)

4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Members of management will report on the Company's operations, followed by a period for questions and discussion.

The Board of Directors has fixed the close of business on December, 31, 2004 as the record date for determining those stockholders entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting may be examined at the offices of the Company situated at 900 Wilshire Boulevard, Suite 500, Los Angeles, California 90017 during the ten-day period preceding the Annual Meeting. Whether or not you expect to attend the meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed envelope in order to ensure representation of your shares. No postage need be affixed if the proxy is mailed in the United States.

By order of the Board of Directors,

/s/ ANTHONY C. DIKE

Anthony C. Dike
Secretary

Los Angeles, California
February 5, 2005

MERIDIAN HOLDINGS, INC
900 Wilshire Boulevard, Suite 500
Los Angeles, California 90017

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MARCH 5, 2005

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This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Meridian Holdings, Inc., a Colorado corporation (the "Company"), of proxies from the holders of the Company's common stock, no par value, (the "Common Stock"), for use at the 2004 Annual Meeting of Stockholders of the Company to be held at 1:00 p.m. Standard Pacific time, on March 5, 2005, at 900 Wilshire Blvd, Suite 500, Los Angeles California 90017 or at any adjournment(s) or postponement(s) thereof (the "Meeting"), pursuant to the enclosed Notice of Annual Meeting. The approximate date that this Proxy Statement and the enclosed form of proxy are first being sent to holders of Common Stock is February 5, 2005. Stockholders should review the information provided herein in conjunction with any other Company's reports, which accompanies this Proxy Statement.

GENERAL INFORMATION

The enclosed proxy is solicited on behalf of the Company's Board of Directors. The giving of a proxy does not preclude the right to vote in person should any stockholder giving the proxy so desire. Any stockholder who executes and delivers a proxy may revoke it at any time prior to its use by (1) giving written notice of such revocation to the Company, care of the Secretary, Meridian Holdings Inc., 900 Wilshire Boulevard, Suite 500, Los Angeles, California 90017; (2) executing and delivering a proxy bearing a later date to the Secretary of the Company; or (3) appearing at the Meeting and voting in person.

Shares represented by properly executed proxies will be voted at the Annual Meeting as specified, unless such proxies are subsequently revoked as provided above. If no choice is specified on a valid, unrevoked proxy, the shares will be voted as recommended by the Board. Proxies will also authorize the shares represented thereby to be voted on any matters not known as of the date of this Proxy Statement that may properly be presented for action at the Annual Meeting.

On December 31, 2004, the record date for determination of stockholders of the Company entitled to vote at the Annual Meeting (the "Record Date"), there were 14,870,650 shares of the Company's common stock outstanding (the "Common Stock"), each share of which entitles the holder thereof to one vote on all matters. The holders of a majority of the Common Stock present in person or represented by proxy will constitute a quorum for transaction of business at the Annual Meeting.

This Proxy Statement and the Form of Proxy will be sent to the Company's stockholders on or about February 5, 2005.

The cost of preparing, assembling and mailing this Proxy Statement, the notice of Annual Meeting of Stockholders and the enclosed proxy is to be borne by the Company. In addition to the use of mail, employees of the Company may solicit proxies by telephone, telegram or personal interview. The Company's employees will receive no compensation for soliciting proxies other than their regular salaries. Brokers, banks, nominees, fiduciaries and other custodians will be requested to solicit beneficial owners of shares and will be reimbursed for their expenses.

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PURPOSES OF THE MEETING

At the Meeting, the Company's stockholders will consider and vote upon the following matters:

1. To elect four members of the Company's Board of Directors to serve for a one-year term;
2. To ratify the appointment of Madsen Associates CPA's, Inc., as the Company's independent certified public accountant for the fiscal year ending December 31, 2003 and 2004 respectively; and
3. To consider and vote upon a proposal to re-approve the Company's 2001 Joint Incentive and Non-Qualified Stock Option Plan for the 2005 fiscal year, with retro-active re-pricing of the option shares based on a 12 months average of the fair market value of the Stock for each of the option period (2001-2004)
4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Unless contrary instructions are indicated on the enclosed proxy, all shares represented by valid proxies received pursuant to this solicitation (and which have not been revoked in accordance with the procedures set forth above) will be voted (a) for the election of the four nominees for director named below, and (b) in favor of all other proposals described in the Notice of Annual Meeting. In the event that a stockholder specifies a different choice by means of the enclosed proxy, his shares will be voted in accordance with the specification so made.

ITEM 1 ELECTION OF DIRECTORS

The Company's Bylaws provide that the number of directors constituting the Company's Board of Directors shall be fixed by the Board of Directors, provided that the number of directors shall not be fewer than one nor more than nine. The Board of Directors has fixed at five the number of directors that will constitute the Board. Each director elected at the Meeting will serve until his or her term expires and until his or her successor has been duly elected and qualified. The following members of the board of directors: James W. Truher, Jerry Aguolu and Marcellina Offoha, Ph.D. proxies will be voted for such persons absent contrary instructions.

The Board of Directors has no reason to believe that any nominee will refuse to act or be unable to accept election; however, in the event that a nominee for director is unable to accept election or if any other unforeseen contingency arises, proxies will be voted for the remaining nominees, if any, and for such other person as may be designated by the Board of Directors, unless it is directed by a proxy to do otherwise.

Certain information concerning the nominees for election as directors is as follows:

James W. Truher. Mr. Truher, age 70 years---Mr. Truher has been a Director of the Company since August 19, 1999. Mr. Truher has over 40 years Management and engineering experience in the telecommunications industry. He is currently, the Chairman of Superwire.Com, an internet services and content provider company. Mr. Truher owns Columbia Management Corp., a telecommunications services and investment company. In 1988, Mr. Truher founded and served as Chairman of the Board and Chief Executive Officer of SelectTel Corporation, which prior to a merger with a public company, was an AT&T Co-Marketing Partner and System Integration company. Mr. Truher then served as Chairman and Chief Executive Officer of two publicly traded NASDAQ

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telecom companies and has worked extensively with foreign PTT telephone companies. In 1981, Mr. Truher founded and was the Chief Executive Officer of Polaris Intelcom, the first shared tenant service company in California.

Marcellina Offoha, Ph.D.--Ms. Offoha, age 50, became a director of the Company in October 1999. Ms. Offoha has extensive experience in teaching and counseling. Ms. Offoha has taught at several universities such as Shaw University, Ithaca College, State University of New York, Philadelphia College of Pharmacy & Science, Temple University, and Morgan State University. Ms.

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Offoha holds a Ph.D. in Sociology from Temple University, Philadelphia, Pennsylvania.

Dr. Jerry Aguolu, age 52, is the President and CEO of Harvard Healthcare. He holds a doctorate degree in Medicine, and PhD in clinical pharmacology. He is a member of the board of trustees of City University of Los Angeles. He is a family physician, with multiple clinic facilities within greater Los Angeles.

Mr. Randy Simpson, age 50, a Certified Public Accountant with nearly 30 years' experience, began his career with Ernst & Young's Salt Lake City office. He has served in a variety of finance and accounting capacities, including chief financial officer for Rocky Mountain Helicopters (medical helicopters) and controller (Gulf Energy). In conjunction with his independent accounting practice, he has provided registration work and financial advisory assistance to a number of North American public companies. He received a BS in marketing and an MS in accounting from Utah State University.

The election of the nominees requires the affirmative vote of a majority of the shares of Common Stock represented at the Annual Meeting and entitled to vote thereon.

The business of the Company is managed under the direction of the Board. The Board presently consists of five directors, four of which are outside members and one of which is an officer of the Company. The Board members will serve until their successors are elected at the 2004 Annual Meeting, unless they earlier resign or are removed as provided in the Bylaws.

Term and Classification of Board of Directors

The Board of Directors has determined that there will be two Class of Directors and the full Board shall consist of five directors. Class A Directors are elected every three years and Class B Directors are elected each year for one-year term. The stockholders will elect four Class B directors for the coming year.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors, which consists of five directors, four of which are outside members and one of which is an officer of the Company, establishes the general compensation policies of the Company and the compensation plans and specific compensation levels for executive officers. The Company does not have a separate Compensation Committee of its Board of Directors. The Company's objective is to ensure that executive compensation be directly linked to ongoing improvement in corporate performance and increasing shareholder value. The following objectives are guidelines for compensation decisions:

Job Classification.

The Company assigns a job grade to each salaries position, and each job grade has a salary range, which is based on national salary surveys. These salary

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ranges are reviewed annually to determine parity with national compensation trends, and to ensure that the Company maintains a competitive compensation structure.

Competitive Salary Base.

Actual salaries are based on individual performance contributions within a competitive salary range for each position established through job evaluation and market comparisons. The salary of each corporate officer is reviewed annually by the Board of Directors.

Stock Option Programs.

The purposes of the Company's ESOP and SOP are to provide additional incentives to employees to work to maximize shareholder value. The ESOP is open to all full-time employees of the Company and the SOP is open to participation by key employees and other persons as determined by the Board, based upon a subjective evaluation of the key employee's ability to influence the Company's long-term growth and profitability. Stock options

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under the ESOP may be granted at the current market price at the time of the grant or under the SOP at prices as determined by the Board. With specific reference to the Chief Executive Officer, the Board attempts to exercise great latitude in setting salary and bonus levels and granting stock options. Philosophically, the Board attempts to relate executive compensation to those variables over which the individual executive generally has control. The Chief Executive Officer has the primary responsibility for improving shareholder value for the whole Company.

The Board believes that it's objectives of linking executive compensation to corporate performance results in alignment of compensation with corporate goals and shareholder interest. When performance goals are met or exceeded, shareholders' value is increased and executives are rewarded commensurately. The Board believes that compensation levels during 2003/2004 adequately reflect the Company's compensation goals and policies. In 1993, the Internal Revenue Code was amended to add section 162(m), which generally disallows a tax deduction for compensation paid to a company's senior executive officers in excess of \$1 million per person in any year. Excluded from the \$1 million limitation is compensation which meets pre-established performance criteria or results from the exercise of stock options which meet certain criteria. While the Company generally intends to qualify payment of compensation under section 162(m), the Company reserves the right to pay compensation to its executives from time to time that may not be tax deductible.

The Company will compensate the members of the Board of Directors for each meeting he/she attends, in the amount of \$250 cash or equivalent in the form of the Company's Common Stock at the fair market value.

COMMITTEES OF THE BOARD OF DIRECTORS

FUNCTIONS OF COMMITTEES

AUDIT AND ETHICS COMMITTEE:

- Has general powers relating to accounting disclosure and auditing matters;
- Recommends the selection and monitors the independence of our independent auditors;
- Reviews the scope and timing of the independent auditors' work;

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- Reviews the financial accounting and reporting policies and principles appropriate for the Corporation, and recommendations to improve existing practices;
- Reviews the financial statements to be included in the Corporation's Annual Report on Form 10-KSB
- Reviews accounting and financial reporting issues, including the adequacy of disclosures;
- Monitors compliance with the Code of Ethics and Standards of Conduct;
- Reviews and resolves all matters presented to it by our Ethics office;
- Reviews and monitors the adequacy of our policies and procedures, and the organizational structure for ensuring general compliance with environmental, health and safety laws and regulations;
- Reviews with the General Counsel the status of pending claims, litigation and other legal matters;
- Meets separately and independently with the Chief Financial officer, Internal Audit and our independent auditors.

It is composed of Messrs. Simpson, Truher, and Ms. Offoha

EXECUTIVE COMMITTEE:

The Executive Committee may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation at any time when the Board of Directors is not in session. The Executive

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Committee shall, however, be subject to the specific direction of the Board of directors and all actions must be by unanimous vote. It is composed of Messrs. Dike, Truher, and Wesley Bradford.

Meetings of the Board of Directors

During the fiscal year ended December 31, 2004, the Company's Board of Directors acted five times by a unanimous written consent in lieu of a meeting. Each member of the Board participated in each action of the Board.

AUDIT AND ETHICS COMMITTEE REPORT

Management has the primary responsibility for the financial reporting process and the audited consolidated financial statements, including the systems of internal controls. The Corporation's independent auditor, Madsen Associate, is responsible for expressing an opinion on the quality and conformity of consolidated financial statements with accounting principles generally accepted in the United States. In our capacity as members of the Audit and Ethics Committee and on behalf of the Board of Directors, we oversee the Corporation's financial reporting process and monitor compliance with its Code of Ethics and Business Conduct. The Audit Committee has adopted a written charter, which has been approved by the Board of Directors.

The members of the Audit and Ethics Committee are independent as defined by the listing standards of the National Association of Securities Dealers (NASD)

In connection with our oversight responsibilities, we have:

- discussed with the internal and independent auditors the overall scope and plans for their audits;

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- reviewed and discussed the audited consolidated financial statements included in Meridian Holdings 2004 Annual Report with management and the independent auditors;
- discussed with the independent auditors the matters (including the quality of the financial statements and clarity of disclosures) required to be discussed under the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 61, Communications with Audit Committees, which generally requires that certain matters related to the performance of an audit be communicated to the audit committee;
- received from the independent auditors and reviewed the written disclosures and the letter required from the independent auditors as required by the Independence Standards Board, and have discussed with them their independence from management and the Corporation;
- considered the nature of the non-audit services performed by the independent auditors and the compatibility of those services with their independence; and
- met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Corporation's internal controls, and the overall quality of the Corporation's financial reporting.

Based on the reviews and discussions referred to above, we recommended to the Board of Directors (and the Board has approved) the inclusion of the audited Consolidated financial statements referred to above in the Corporation's Annual Report on Form 10-KSB for the year ended December 31, 2003 and 2004, for filing with the Securities and Exchange Commission. The Committee and the Board have also recommended, subject to stockholder approval, the selection of Madsen Associates CPA'S, Inc., as the Corporation's independent auditor for fiscal year ended December 31, 2003 and 2004 respectively.

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Members of the Audit and Ethics Committee:

Randy Simpson Chairman
Marcellina Offoha

James Truher
Jerry Aguolu

Executive Officers

The executive officers of the Company are as follows:

Anthony C. Dike, Chairman/CEO
Wesley Bradford Chief Medical Officer

EXECUTIVE COMPENSATION

The table below shows information concerning the annual and long-term compensation for services in all capacities to the Company for the Chief

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Executive Officer and other full-time employee executive officers of the Company:

Annual Compensation

| Name | Year | Salary | Bonus | Stock Option | All Other Compensation Stock Awards |
|---------------------|------|-----------|-------|--------------|--|
| Anthony C. Dike (1) | 2004 | \$144,000 | 0 | 150,000 | 0 |
| Wesley Bradford (2) | 2004 | \$ 35,000 | 0 | 100,000 | 100,000 |