

Ideation Acquisition Corp.
Form DEFM14A
October 05, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

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 Section 240.14a-12.

IDEATION ACQUISITION CORP.

(Name of Registrant as Specified in Its Charter)

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

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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:

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**IDEATION ACQUISITION CORP.
1105 N. Market Street, Suite 1300
Wilmington, Delaware 19801
(310) 694-8150**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD OCTOBER 27, 2009**

TO THE STOCKHOLDERS OF IDEATION ACQUISITION CORP.:

NOTICE IS HEREBY GIVEN that a special meeting of Ideation Acquisition Corp., a Delaware corporation, which we refer to as Ideation, relating to the proposed business combination with SearchMedia International Limited, an exempted company incorporated with limited liability in the Cayman Islands, which we refer to as SM Cayman or SearchMedia, and its subsidiaries, will be held at 8:30 am Eastern time on October 27, 2009, at the offices of Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131, to consider and vote upon certain proposals described below.

On March 31, 2009, an Agreement and Plan of Merger, Conversion and Share Exchange, which we refer to as the share exchange agreement, was entered into by and among Ideation, ID Arizona Corp., an Arizona corporation and wholly owned subsidiary of Ideation, which we refer to as ID Arizona, SM Cayman, the subsidiaries of SM Cayman, and Shanghai Jingli Advertising Co., Ltd., which we refer to as Jingli Shanghai, and together with SM Cayman and its subsidiaries, the SearchMedia entities or SM entities, and certain shareholders and warrant holders of SM Cayman, among others. The share exchange agreement provides for two primary transactions: (1) the redomestication of Ideation from a Delaware corporation to a Cayman Islands exempted company and (2) the business combination between ID Cayman and SM Cayman, after which SM Cayman will become a wholly owned subsidiary of ID Cayman. At the special meeting, Ideation stockholders will be asked to vote on the following proposals relating to these transactions:

Proposal 1. To approve an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of shares issued in Ideation's initial public offering, which we refer to as IPO Shares, upon approval of the business combination described below, regardless of whether such holder votes for or against the business combination. We refer to this proposal as the Charter Amendment Proposal.

Proposal 2. To approve the corporate redomestication of Ideation that will result in holders of Ideation securities holding securities in a Cayman Islands exempted company rather than a Delaware corporation. The redomestication involves two steps:

First, Ideation will merge with and into ID Arizona, with ID Arizona surviving the merger.

Second, after the merger, ID Arizona will become a Cayman Islands exempted company, SearchMedia Holdings Limited, which we refer to as ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law.

The redomestication will change Ideation's domicile from Delaware to the Cayman Islands. We refer to the merger and the conversion and continuation transactions together as the redomestication. We refer to this proposal as the Redomestication Proposal. If the Redomestication Proposal is approved, the redomestication will take place only if the Business Combination Proposal, set forth below, is approved.

Proposal 3. To approve the business combination between ID Cayman and SM Cayman, pursuant to which:

SM Cayman shareholders will receive 6,662,727 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,519,186 ordinary shares of ID Cayman.

SM Cayman option holders will receive options to purchase 566,939 ordinary shares of ID Cayman.

SM Cayman holders of restricted shares and restricted share units, which we refer to collectively as restricted share awards, will receive 261,179 restricted share awards of ID Cayman.

Certain SM Cayman noteholders will receive 1,712,874 ordinary shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman.

In addition, the shareholders and warrant holders of SM Cayman may receive an additional 10,150,352 ordinary shares of ID Cayman pursuant to an earn-out provision in the share exchange agreement. Upon the closing of the business combination, SM Cayman will be the wholly owned subsidiary of ID Cayman. We refer to this transaction as the business combination. We refer to this proposal as the Business Combination Proposal.

The vote to approve the Business Combination Proposal will take place only if both the Charter Amendment Proposal and the Redomestication Proposal are approved.

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If the business combination is approved and completed, each holder of IPO Shares who votes such shares either for or against the business combination may, in connection with casting such vote, elect to convert those shares to cash.

Proposal 4. To approve the authorization in ID Cayman's Memorandum of Association of 1,000,000,000 ordinary shares, as compared to 50,000,000 shares of common stock currently authorized in Ideation's amended and restated certificate of incorporation, dated November 21, 2007, which we refer to as Ideation's Amended and Restated Certificate of Incorporation, and 10,000,000 preferred shares, as compared to 1,000,000 shares of preferred stock currently authorized under Ideation's Certificate of Incorporation. We refer to this proposal as the Share Increase Proposal.

Proposal 5. To approve in ID Cayman's Articles of Association the elimination of the classified board currently authorized in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Declassification Proposal.

Proposal 6. To approve in ID Cayman's Articles of Association a provision providing that the amendment of either of ID Cayman's Memorandum of Association or Articles of Association will require a vote of two-thirds of its shareholders voting in person or by proxy at a meeting, as compared to the vote of a majority of the outstanding stock as set forth in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Amendment Proposal.

Proposal 7. To approve in ID Cayman's Articles of Association a provision providing that the ID Cayman shareholders may pass resolutions without holding a meeting only if such resolutions are passed by a unanimous written resolution signed by all of the shareholders entitled to vote, as opposed to the provisions in Ideation's Amended and Restated Certificate of Incorporation that provide that stockholders may not take action without a meeting. We refer to this proposal as the Shareholder Consent Proposal.

Proposal 8. To approve in ID Cayman's Memorandum of Association a provision providing for the perpetual existence of the company, as compared to a provision providing for the termination of the company's existence on November 19, 2009 as set forth in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Corporate Existence Proposal.

Proposal 9. To approve the assumption of the SearchMedia International Limited 2008 Share Incentive Plan and its amendment and restatement as the Amended and Restated SearchMedia Holdings Limited Share Incentive Plan (the Amended and Restated 2008 Share Incentive Plan). We refer to this proposal as the Share Incentive Plan Proposal.

Proposal 10. To approve an adjournment or postponement of the special meeting for the purpose of soliciting additional proxies. We refer to this proposal as the Adjournment Proposal.

The Ideation board of directors has fixed the record date as the close of business on October 2, 2009, as the date for determining Ideation stockholders entitled to receive notice of and to vote at the special meeting and an adjournment or postponement thereof. Only holders of record of Ideation's common stock on that date are entitled to have their votes counted at the special meeting or an adjournment or postponement thereof with respect to the above proposals.

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. If you are a stockholder of record, you may also cast your vote in person at the special meeting. If your shares are held in an account with a brokerage firm or bank, you must instruct your broker or bank how to vote your shares, or you may cast your vote in person at the special meeting by obtaining a proxy from your brokerage firm or bank.

After careful consideration, the Ideation board of directors has unanimously determined that the above proposals are fair to and in the best interests of Ideation and its stockholders and has recommended that you vote or give instruction to vote **FOR** the approval of each of them.

By Order of the Board of Directors,

Robert N. Fried
Chief Executive Officer

Dated: October 5, 2009

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**PROXY STATEMENT FOR SPECIAL MEETING OF
STOCKHOLDERS OF IDEATION ACQUISITION CORP.**

PROSPECTUS OF ID ARIZONA CORP.

This document serves as a proxy statement containing information about a special meeting of the Ideation stockholders relating to its proposed business combination with SearchMedia, and as a prospectus of ID Arizona with respect to securities to be issued to Ideation stockholders as part of that business combination.

On March 31, 2009, Ideation, ID Arizona, SM Cayman, Jingli Shanghai and certain other parties, including shareholders and warrant holders of SM Cayman, entered into a share exchange agreement. The share exchange agreement provides for two primary transactions: (1) the redomestication of Ideation from a Delaware corporation to a Cayman Islands exempted company and (2) the business combination between ID Cayman and SM Cayman, after which SM Cayman will become a wholly owned subsidiary of ID Cayman.

The redomestication of Ideation involves two steps:

- (i) Ideation will merge with and into ID Arizona, with ID Arizona surviving the merger.
- (ii) Immediately after the Arizona merger, ID Arizona will become a Cayman Islands exempted company, ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law.

After completing the redomestication, ID Cayman will complete the business combination with the SM Cayman shareholders, in which ID Cayman will acquire all of the issued and outstanding shares of SM Cayman and SM Cayman security holders, including certain SM Cayman noteholders, will receive in aggregate 11,488,810 ordinary shares, or securities exercisable or exchangeable for ordinary shares, of ID Cayman.

This proxy statement/prospectus covers the following ID Arizona securities that will be issued to Ideation stockholders in the Arizona merger: (i) 12,500,000 shares of common stock; (ii) 12,400,000 warrants to purchase shares of common stock and (iii) an option to purchase 500,000 units consisting of 500,000 shares of common stock and 500,000 warrants to purchase shares of common stock. This proxy statement/prospectus also covers the shares of common stock underlying the warrants and units, as well as the units underlying the option. No ID Cayman securities to be issued in the business combination with SM Cayman are covered by this proxy statement/prospectus. All of the securities to be outstanding upon completion of the redomestication and the business combination will be securities of ID Cayman.

In connection with the redomestication and the business combination and pursuant to the terms and conditions of the share exchange agreement, the board of directors of Ideation is seeking stockholder approval of each of the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal, and the Adjournment Proposal, each as further described in this proxy statement/prospectus. The special meeting will be held at 8:30 am Eastern time on October 27, 2009, at the offices of Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131.

After careful consideration, the Ideation board of directors has unanimously determined that the above proposals are fair to and in the best interests of Ideation and its stockholders and has recommended that you vote or give instruction to vote **FOR** the approval of each of them.

Please be aware that if the business combination is approved and completed, each holder of IPO Shares who votes such shares either FOR or AGAINST the business combination may, in connection with casting such vote, elect to convert those shares to cash.

Ideation's units, common stock and warrants trade on the NYSE Amex LLC, formerly known as the American Stock Exchange, under the symbols IDI.U , IDI and IDI.WS , respectively. Following the redomestication and business combination, ID Cayman will reapply to the NYSE Amex in order to continue listing the ordinary shares, warrants and units of ID Cayman on the NYSE Amex. It is unclear whether ID Cayman will meet the requirements for continued listing.

YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 37.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated and is first being mailed to Ideation stockholders on October 5, 2009.

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B Form of SearchMedia Holdings Limited Memorandum and Articles of Association	
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F Form of Voting Agreement	
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- I The Amended and Restated SearchMedia Holdings Limited 2008 Share Incentive Plan
- J Opinion of Richards, Layton & Finger, P.A.
- K Letter Agreement, dated September 8, 2009, by and among Ideation and certain investors of Ideation and SM Cayman
- L Form of Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Ideation Acquisition Corp.

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SUMMARY MATERIAL TERMS OF THE TRANSACTION

On March 31, 2009, Ideation, ID Arizona, SM Cayman, Jingli Shanghai and certain other parties, including shareholders and warrant holders of SM Cayman, entered into a share exchange agreement. The share exchange agreement provides for two primary transactions: (1) the redomestication of Ideation from a Delaware corporation to a Cayman Islands exempted company and (2) the business combination between ID Cayman and SM Cayman, after which SM Cayman will become a wholly owned subsidiary of ID Cayman.

This section summarizes information regarding these transactions and other transactions relating to the redomestication and business combination. These items are described in greater detail elsewhere in this proxy statement/prospectus. **You should carefully read this entire proxy statement/prospectus and the other documents to which you are referred.**

The Redomestication

The redomestication of Ideation involves two steps:

- (i) Ideation will merge with and into ID Arizona, with ID Arizona surviving the merger. We refer to this transaction as the Arizona merger.
- (ii) Immediately after the Arizona merger, ID Arizona will become a Cayman Islands exempted company, ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. We refer to this transaction as the conversion and continuation and, along with the Arizona merger, as the redomestication.

The redomestication will change Ideation's domicile from Delaware to the Cayman Islands. Also, as a result of the redomestication:

Holders of Ideation units will be issued one ID Arizona unit for each Ideation unit held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman unit for each ID Arizona unit held at the time of the conversion.

Holders of Ideation common stock will be issued one share of ID Arizona common stock for each share of Ideation common stock held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman ordinary share for each share of ID Arizona common stock held at the time of the conversion.

Holders of Ideation warrants will be issued one ID Arizona warrant for each Ideation warrant held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman warrant for each ID Arizona warrant held at the time of the conversion.

Holders of the Ideation option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, will be issued one ID Arizona option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants of ID Cayman.

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This proxy statement/prospectus covers the following ID Arizona securities that will be issued to Ideation stockholders in the Arizona merger:

An aggregate of 12,500,000 shares of common stock issued to the holders of (a) the 10,000,000 shares of Ideation common stock issued as part of the units issued in Ideation's initial public offering, or IPO, and (b) the 2,500,000 shares of Ideation common stock issued to the founders of Ideation upon its incorporation.

An aggregate of 12,400,000 warrants issued to the holders of (a) the 10,000,000 warrants issued by Ideation as part of the units issued in Ideation's IPO and (b) the 2,400,000 warrants issued by Ideation in a private placement transaction that occurred simultaneously with its IPO. This proxy statement/prospectus also covers 12,400,000 shares of common stock issuable upon the exercise of those warrants. A portion of the Ideation common stock and warrants may be held as units consisting of one

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share of common stock and one warrant, which units are also covered by this proxy statement/prospectus.

An option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, issuable to the representatives of the underwriters of Ideation's IPO, each of which holds an identical option from Ideation.

As soon as practicable after the redomestication, ID Cayman will file with the Securities and Exchange Commission a post-effective amendment to the registration statement of which this proxy statement/prospectus forms a part, expressly adopting the registration statement as its own for all purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended, including the registration of ID Cayman securities, which will then be held by former Ideation stockholders as a result of the redomestication.

The redomestication of Ideation is being submitted to the vote of Ideation stockholders and will be approved if stockholders representing a majority of the shares of Ideation that are issued and outstanding vote **FOR** the proposal. The redomestication will take place only if the Business Combination Proposal is approved.

The Business Combination

After completing the redomestication, ID Cayman will complete the business combination with the SM Cayman shareholders, in which:

After giving effect to conversion of the preferred shares of SM Cayman, at closing, ID Cayman will acquire 98,652,365 ordinary shares of SM Cayman, representing 100% of SM Cayman shares in issue.

SM Cayman shareholders will receive 6,662,727 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,519,186 ordinary shares of ID Cayman.

SM Cayman option holders will receive options to purchase 566,939 ordinary shares of ID Cayman.

SM Cayman holders of restricted share awards will receive 261,179 restricted share awards of ID Cayman.

Certain SM Cayman noteholders will receive 1,712,874 ordinary shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman.

In connection with the redomestication and the business combination, stockholders will be asked to approve an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of IPO Shares upon approval of the business combination, regardless of whether such holder voted for or against the business combination. It is important to note that the charter amendment, if approved, would not change the voting standard for a business combination under Ideation's Certificate of Incorporation, in that the business combination will not be approved if 30% or more of the holders of IPO Shares both vote against the transaction and elect to convert their IPO Shares.

The Business Combination Proposal will be submitted to the vote of Ideation stockholders only if both the Charter Amendment Proposal and the Redomestication Proposal are approved. If it comes to a vote, the Business Combination Proposal will be approved and the business combination completed only if (1) the Business Combination Proposal is approved by a majority of the IPO Shares voted at a duly held stockholders meeting in person or by proxy, (2) the Business Combination Proposal is approved by a majority of the votes cast on the proposal, and (3) stockholders representing less than 30% of the IPO Shares both (a) vote against the business combination and (b) exercise their

conversion rights to have their shares of common stock converted to cash. The closing of the business combination is also subject to the satisfaction by each party of various other conditions as set forth in the share exchange agreement and discussed in detail below.

Conversion Rights

If the business combination is approved and completed, any stockholder holding IPO Shares who properly demands conversion of those shares will be entitled to convert those shares to cash, whether such stockholder voted for or against the Business Combination Proposal. Stockholders who properly demand conversion of their IPO Shares will receive \$7.8815 per s