

PERFECTDATA CORP

Form PRER14A

October 12, 2005

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
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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or
Rule 14a-12

PERFECTDATA CORPORATION

(Name of Registrant as Specified in Its Charter)

Name of Person(s) Filing Proxy Statement, if other than the
registrant)

Payment of Filing Fee (Check the appropriate box):

No Fee required

Fee computed on table below per Exchange Act
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(1) Title of each class of securities to which
transaction applies:

(2) Aggregate number of securities to which
transaction applies

(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
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(4) Proposed maximum aggregate value of
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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
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Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date filed:

PERFECTDATA CORPORATION

Notice of Annual Meeting of Stockholders
To Be Held On _____, November _____, 2005 at 10:00 A.M.

TO THE STOCKHOLDERS OF PERFECTDATA CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of PerfectData Corporation will be held at 825 Third Avenue, 32nd Floor, New York, New York 10022, on _____ November _____, 2005 at 10:00 A.M., Eastern Time, for the following purposes:

1. To elect directors.
2. To consider and approve the Amended and Restated Stock Option Plan of 2000 of PerfectData Corporation.
3. To approve an amendment to our Certificate of Incorporation that would change our name to "Sona Mobile Holdings Corp."
4. To approve an amendment to our Certificate of Incorporation that would increase the number of shares of our authorized shares of common stock to 90,000,000.
5. To grant to our board of directors discretionary authority to amend our Certificate of Incorporation to effect a reverse stock split of our common stock at a ratio within the range from one-for-three to one-for-five at any time prior to December 31, 2006.
6. To transact such other business as may properly be brought before the meeting or any adjournment or postponements thereof.

The Board of Directors has fixed the close of business on October 6, 2005 as the record date for the determination of the stockholders entitled to notice of and to vote at this meeting and at any adjournment or postponements thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Nicholas H. Glinsman, Secretary

Dated: New York, New York

October _____, 2005

IMPORTANT:

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

PERFECTDATA CORPORATION

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held on , November , 2005

This Proxy Statement is furnished to the stockholders of PerfectData Corporation, a Delaware corporation, in connection with the solicitation by our Board of Directors (the "Board") of proxies to be used at the our 2005 Annual Meeting of Stockholders to be held at 825 Third Avenue, 32nd Floor, New York, New York 10022, on November , 2005 at 10:00 A.M., Eastern Time, and at any adjournments thereof (the "Annual Meeting"). The approximate date on which this Proxy Statement and the accompanying proxy will be mailed to stockholders is October , 2005.

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INFORMATION ABOUT THE MEETING

Record Date and Quorum

Only stockholders of record at the close of business on October 6, 2005 (the "Record Date"), are entitled to notice of and vote at the Annual Meeting. On the Record Date, there were (i) 6,744,530 shares of our common stock, par value \$.01 per share ("Common Stock"), issued and outstanding, each of which is entitled to one vote; (ii) 568,140 shares of our Series A Convertible Preferred Stock, par value \$.01 per share (the "Series A Preferred Stock"), issued and outstanding, each entitled to 48.11159 votes per share for a total of 27,334,120 votes; and (iii) 3,848.7 shares of our Series B Convertible Preferred Stock, par value \$.01 per share (the "Series B Preferred Stock"), issued and outstanding, each entitled to 1,000 votes per share for a total of 3,848,700 votes. In the aggregate, there are 37,927,350 votes.

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

Voting of Proxies

The persons acting as proxies (the "Proxyholders") pursuant to the enclosed proxy will vote the shares represented as directed in the signed proxy. Unless otherwise directed in the proxy, the Proxyholders will vote the shares represented by the proxy for: (i) the election of the director nominees named in this Proxy Statement; (ii) approval of the adoption of the Amended and Restated Stock Option Plan of 2000 of PerfectData Corporation expanding the types of incentive compensation awards programs available and increasing the number of shares reserved under the plan to 5,000,000; (iii) approval of the charter amendment changing the name of the company to "Sona Mobile Holdings Corp."; (iv) approval of the charter amendment increasing the number of shares of Common Stock to 90,000,000; (v) approval of the grant to our Board discretionary authority to amend our Certificate of Incorporation (the "Charter") to effect a reverse stock split of our Common Stock at a ratio within the range from one-for-three to one-for-five at any time prior to December 31, 2005; and (vi) in their discretion, on any other business that may come before the meeting or

any adjournments or postponements of the meeting.

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

Expenses of Solicitation

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

Voting Requirements

Election of Directors. The election of directors requires a plurality of the votes cast for the election of directors. Accordingly, the directorships to be filled at the Annual Meeting will be filled by the

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nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor of or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Charter Amendments. The affirmative vote of a majority of the aggregate number of votes represented by the Common Stock, Series A Preferred Stock and Series B Preferred Stock entitled to vote and voting together as a single class at the Annual Meeting is required to approve the amendments to our Charter to change our name, increase the number of authorized shares of Common Stock and effectuate a reverse split. An abstention from voting or broker non-votes on this matter will be treated as "present" for quorum purposes. An abstention or a broker non-vote is not treated as a "vote" for or against the matter however, it will have the effect of a vote against that matter.

Approval of Amended and Restated Stock Option Plan. The affirmative vote of a majority of the votes cast for or against the matter by stockholders entitled to vote at the Annual Meeting is required to approve the Amended and Restated Stock Option Plan of 2000. An abstention from voting on this matter will be treated as "present" for quorum purposes. However, since an abstention is not treated as a "vote" for or against the matter, it will have no effect on the outcome of the vote.

Except as set forth below, each person who served as a director or executive officer since April 1, 2004 (the beginning of our last fiscal year) and each person nominated by the Board for election as a director at the Annual Meeting, all of

whom are currently serving as directors, has no substantial interest, direct or indirect, by security holdings or otherwise, in any of the proposals submitted to a vote at the Annual Meeting other than if he is a nominee for election as a director, that he has an interest in being elected as a director. Notwithstanding the foregoing, each of Shawn Kreloff, John Bush and Nicholas Glinsman, all of whom are currently officers and directors, and Frank Fanzilli, who is a director, and all of whom are also nominees for director at the Annual Meeting, are holders of our Series A Preferred Stock. The proposal to amend our Charter to increase the number of our authorized shares of Common Stock would allow them to convert the Series A Preferred Stock into shares of Common Stock along with the other holders of the Series A Preferred Stock.

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

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

- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our outstanding Common Stock;
- each of our directors and director nominees;
- each executive officer named in the Summary Compensation Table below (see page 22); and
- all of our directors and executive officers as a group.

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

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(1)(2)	Percentage of Common Stock Beneficially Owned(2)
Shawn Kreloff(3) c/o Sona Mobile, Inc. 825 Third Avenue, 32 nd Floor New York, NY 10022	2,879,911	7.6%

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Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned(1)(2)	Percentage of Common Stock Beneficially Owned(2)
John Bush(4) c/o Sona Mobile, Inc. 825 Third Avenue, 32 nd Floor New York, NY 10022		