

SHARPS COMPLIANCE CORP  
Form DEF 14A  
October 05, 2016  
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**United States Securities and Exchange Commission**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**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 section 240.14a-12

**SHARPS COMPLIANCE CORP.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
-

(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 determined)

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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.. 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.

(1) Amount Previously Paid: \_\_\_\_\_

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

(3) Filing Party: \_\_\_\_\_

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October 5, 2016

Dear Stockholder:

On behalf of the board of directors (the Board of Directors ), I cordially invite you to attend the 2016 Annual Meeting of Stockholders (the Annual Meeting ) of Sharps Compliance Corp., a Delaware corporation (the Company ). The Annual Meeting will be held on Thursday, November 17, 2016 at 10:00 a.m. in the Boardroom at the Company s corporate office located at 9220 Kirby Drive, Suite 500, Houston, Texas 77054. The formal Notice of the Annual Meeting is set forth in the enclosed materials.

This year, you are being asked to:

- 1) act upon the election of five (5) Directors,
- 2) cast a non-binding advisory vote on executive compensation, and
- 3) ratify the selection by the Audit Committee of the Company s Board of Directors of BDO USA, LLP as the Company s independent registered public accounting firm for the current fiscal year.

**The Board of Directors recommends that you vote For Proposals 1, 2, and 3.** These matters are discussed in greater detail in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

Your participation and vote are important. Even if you plan to attend the Annual Meeting in person, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage-prepaid envelope. Your shares will be voted in accordance with the instructions you give in your proxy. Returning the proxy card will not limit your right to attend or vote at the Annual Meeting. If you attend the Annual Meeting, you may vote in person if you wish, even if you previously returned your proxy card.

**Important Notice Regarding the Availability of Proxy Materials for our Annual Meeting to be held on November 17, 2016. The Proxy Statement and a copy of our Annual Report on Form 10-K for the year ended June 30, 2016 are available at:**

<http://investor.sharpsinc.com/annuals.cfm>

On behalf of the Board of Directors, I would like to express our appreciation for your continued support of our Company. We look forward to seeing you at the Annual Meeting.

Sincerely,

F. Gardner Parker  
*Chairman of the Board*

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**9220 Kirby Drive, Suite 500**

**Houston, Texas 77054**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON NOVEMBER 17, 2016**

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Sharps Compliance Corp., a Delaware corporation (the "Company"), will be held on Thursday, November 17, 2016 at 10:00 a.m. (central time) in the Boardroom at the Company's corporate office located at 9220 Kirby Drive, Suite 500, Houston, Texas 77054 for the purpose of considering and voting upon the following:

- 1) the election of five (5) directors to hold office until the next Annual Meeting or until the election and qualification of their respective successors,
- 2) a non-binding advisory vote on executive compensation,
- 3) the ratification of the selection by the Audit Committee of the Company's Board of Directors of BDO USA, LLP as the Company's independent registered public accounting firm for the current fiscal year, and
- 4) such other business if properly raised.

**The Board of Directors recommends that you vote For Proposals 1, 2, and 3.** These items of business are more fully described in the proxy statement accompanying this notice. The Company's Board of Directors has fixed the close of business on September 26, 2016 as the record date for the meeting. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof.

You are cordially invited to attend the annual meeting. To ensure that your shares are represented and voted, however, you should complete, sign, date and return the enclosed proxy card in the enclosed postage-prepaid envelope as promptly as possible. Your shares will be voted in accordance with the instructions you give in your proxy. You may revoke your proxy at any time before it is voted by signing and returning a proxy for the same shares bearing a later date, by filing with the Corporate Secretary of the Company a written revocation bearing a later date or by attending the Annual Meeting and voting in person. You will still be able to vote your shares in person should you decide to attend the Annual Meeting, even if you have previously returned your proxy card.

By Order of the Board of Directors

Diana P. Diaz  
Corporate Secretary  
Houston, Texas  
October 5, 2016

**YOUR VOTE IS IMPORTANT**

**Please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope so that your shares will be represented whether or not you attend the Annual Meeting.**

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**SHARPS COMPLIANCE CORP.**

**9220 Kirby Drive, Suite 500**

**Houston, Texas 77054**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON NOVEMBER 17, 2016**

**SOLICITATION AND OTHER INFORMATION RELATED TO THE COMPANY**

**General and Revocability of Proxies**

This Proxy Statement (the "Proxy Statement") is furnished in connection with the solicitation of proxies by the Board of Directors of Sharps Compliance Corp., a Delaware corporation (referred to herein as, the "Company", "we", "us" or "our") behalf of the Company, to be used at the Annual Meeting of Stockholders of the Company to be held on November 17, 2016 (the "Annual Meeting") at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders and adjournment(s) or postponement(s) thereof. This Proxy Statement and the attached proxy card are expected to be mailed to the stockholders of the Company on or about October 5, 2016.

The accompanying proxy is designed to permit each holder of the Company's common stock, par value \$0.01 per share (the "Common Stock"), (i) to vote for or withhold voting for, the nominees for election as directors of the Company, (ii) to cast a non-binding advisory vote for or against or abstain from voting for, the executive compensation for the officers of the Company as named in this Proxy Statement (referred to as "say-on-pay"), (iii) to ratify the selection by the Audit Committee of the Company's Board of Directors (the "Board of Directors" or the "Board") of BDO USA, LLP ("BDO") as the Company's independent registered public accounting firm for the current fiscal year and (iv) to authorize the proxies to vote in their discretion with respect to any other proposal brought before the Annual Meeting. When a stockholder's executed proxy card specifies a choice with respect to a voting matter, the shares will be voted accordingly. For items (i) and (ii), which are considered non-routine under Rule 452 of the New York Stock Exchange, which was adopted by the NASDAQ Capital Market, if you do not provide voting instruction, your shares will not be voted for these items. For item (iii), which is considered routine, abstentions and broker non-votes will not affect the outcome of the voting on the proposal. If any other matters properly come before the Annual Meeting, the proxies will vote upon such matters according to their judgment.

The Company encourages the personal attendance of its stockholders at the Annual Meeting, and execution of the accompanying proxy will not affect a stockholder's right to attend the Annual Meeting and to vote his or her shares in person. Any stockholder with a valid proxy has the right to revoke it by giving written notice of revocation to: Diana P. Diaz, Corporate Secretary, Sharps Compliance Corp., 9220 Kirby Drive, Suite 500, Houston, Texas 77054, at any time before the proxy is voted, by executing and delivering a later-dated proxy, or by attending the Annual Meeting and voting his or her shares in person. No such notice of revocation or later-dated proxy will be effective, however, until received by the Company at or prior to the Annual Meeting. Mere attendance at the Annual Meeting will not of itself revoke the proxy.



All expenses of the Company in connection with the solicitation of proxies will be borne by the Company. In addition to solicitation by mail, the Company's directors, officers and employees may solicit proxies by telephone or other means of communication. The Company will request brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of shares held

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of record by such persons and will reimburse such persons and their transfer agents for their reasonable out-of-pocket expenses in forwarding such material.

The date of this Proxy Statement is October 5, 2016. There are no rights of appraisal or similar dissenter's rights with respect to any matter to be acted upon pursuant to this proxy statement.

## **Availability of Information at Company Website, Including Annual Report on Form 10-K**

The Company's website address is [www.sharpsinc.com](http://www.sharpsinc.com). Information provided at the website includes, among other items, current charters for the Audit, Compensation and Corporate Governance Committees of the Board of Directors, Board committees and their composition, the Company's Code of Ethics, the Company's Insider Trading Policy, the Company's Annual Report on Form 10-K, the Company's Quarterly Reports on Form 10-Q, news releases and other information of interest to investors.

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2016, containing audited consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations, stockholders' equity and of cash flows for the three fiscal years ended June 30, 2016, is available at <http://investor.sharpsinc.com/annuals.cfm>. The Annual Report on Form 10-K is not incorporated into this Proxy Statement and is not considered proxy solicitation material. **Upon written request, the Company will send you, without charge, a copy of its Annual Report on Form 10-K (without exhibits) for the fiscal year ended June 30, 2016, which the Company has filed with the Securities and Exchange Commission (the SEC) (and is available on the SEC's website at [www.sec.gov](http://www.sec.gov)).** Copies of exhibits to the Form 10-K are available, but a reasonable fee per page will be charged to the requesting stockholder. Stockholders may make requests for such copies in writing to the Company's Investor Relations Department, c/o Sharps Compliance Corp., 9220 Kirby Drive, Suite 500, Houston, Texas 77054.

## **Where You Can Find More Information**

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy reports, statements or other information that the Company files at the SEC's public reference rooms at 100 F. Street, NE, Washington, D.C., 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference rooms. The SEC also maintains a website at <http://www.sec.gov> where the Company's periodic filings and other information regarding the Company are available at no charge.

## **Code of Ethics**

The Company has adopted a Code of Ethics that is applicable to the officers, directors and employees of the Company. The Code of Ethics is available on the Company's website at [www.sharpsinc.com](http://www.sharpsinc.com). Amendments to and waivers from the Code of Ethics, if any, will also be disclosed and available on the Company's website.

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**VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS**

**General**

The Board has fixed the close of business on September 26, 2016 as the record date (the **Record Date** ) for the Annual Meeting. Only holders of record of the outstanding shares of Common Stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting and any adjournment(s) thereof. At the close of business on September 26, 2016, there were 15,946,449 shares of Common Stock outstanding and entitled to be voted at the Annual Meeting. The Common Stock is the only class of stock entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote on each matter presented to the stockholders. Cumulative voting is not permitted by the stockholders of the Company's Common Stock.

**Quorum and Vote Required**

The presence, in person or by proxy, of a majority of the total shares of Common Stock issued and outstanding at the close of business on the Record Date is necessary to constitute a quorum for transaction of business at the Annual Meeting. Assuming the existence of a quorum, pursuant to our bylaws, the affirmative vote of a plurality of the shares of Common Stock present, either in person or represented by proxy, and entitled to vote at the Annual Meeting is required to elect directors. With respect to matters other than the election of directors, our bylaws provide that, if a quorum is present, the affirmative vote of a majority of the shares of Common Stock present, either in person or represented by proxy, and entitled to vote at the Annual Meeting is required to decide any such matter brought before such meeting, except as otherwise provided by our Certificate of Incorporation or applicable law. Accordingly, a majority of the shares of Common Stock represented in person or by proxy at the Annual Meeting must be cast in favor of the proposal for the non-binding approval of executive compensation in order for such proposal to be approved by our stockholders. If a quorum is not present in person or by proxy, the Annual Meeting may be adjourned until a quorum is obtained.

Abstentions are counted toward the calculation of a quorum and will have the same effect as a vote against a proposal. Broker non-votes occur when a broker or nominee holding shares for a beneficial owner does not vote on a non-routine proposal because the broker or nominee has not received voting instructions from the beneficial owner and does not have discretionary voting power with respect to such proposal. Rule 452 of the New York Stock Exchange, which has been adopted by the NASDAQ Capital Market ( **NASDAQ** ), provides that a broker or other nominee holding shares for a beneficial owner may generally vote on routine matters, but not non-routine matters, without receiving voting instructions. Under Rule 452, the uncontested election of directors (Proposal 1) and the non-binding advisory vote on executive compensation (Proposal 2) are considered non-routine matters. If your shares are held by a broker or nominee and you do not provide such voting instructions, your shares will not be voted for Proposals 1 and 2. ***Please provide instructions to your brokers or nominee on how to vote your shares.*** Under Rule 452, the ratification of the selection of the independent registered public accounting firm (Proposal 3) is considered a routine matter. Abstentions and broker non-votes will not affect the outcome of the voting on Proposal 3.

**Table of Contents****Security Ownership of Management and Certain Beneficial Owners**

The following table and notes thereto set forth certain information with respect to the shares of Common Stock beneficially owned by: (i) each director of the Company, (ii) all executive officers of the Company, including those listed in the Summary Compensation Table set forth under the caption Executive Compensation below, (iii) all directors and executive officers of the Company as a group and (iv) each person known by the Company to be the beneficial owner of 5% or more of the outstanding Common Stock, as of the Record Date. The address for each director and officer is c/o Sharps Compliance Corp., 9220 Kirby Drive, Suite 500, Houston, Texas 77054.

Name of Beneficial Owner	Common Stock	
	Amount and Nature of Ownership (1)	Percent of Class Owned Beneficially (2)
<i>Directors:</i>		
F. Gardner Parker	261,127 (3)	1.6%
John W. Dalton	1,106,554	6.7%
Parris H. Holmes	900,539	5.5%
David P. Tusa	356,318 (4)	2.2%
Philip C. Zerrillo	423,531	2.6%
<i>Executive Officers:</i>		
Diana P. Diaz	116,143 (4)	*
Brandon L. Beaver	47,480 (4) (5)	*
Gregory C. Davis	72,753 (4)	*
Khairan Al Aladwani	41,695 (4)	*
Dennis P. Halligan	29,538	*
All executive officers and directors as a group (10 individuals)	3,355,678 (4)	20.3%
<i>Other:</i>		
Pessin Family	1,312,702	7.9%
366 Madison Avenue, 14th Floor		
New York, NY 10017		
Goodman Financial Corporation	821,849	5.0%
5177 Richmond Avenue, Suite 700		
Houston, TX 77056		

**Notes:**

(1) Unless otherwise noted in this table or notes relating hereto, each of the persons named in the table has

sole voting and investment power with respect to the shares reported, subject to community property laws, where applicable.

- (2) The percentages indicated are based on (i) 15,946,449 shares of Common Stock issued and outstanding on the Record Date and (ii) outstanding stock options exercisable within 60 days after the Record Date. A \* indicates less than 1% ownership.
- (3) Mr. Parker has pledged 53,164 shares of Common Stock owned by him as collateral for a personal loan with a commercial bank.
- (4) Includes shares that the following directors and officers have the right to acquire within 60 days upon the exercise of stock options.

Mr. Tusa	267,318
Ms. Diaz	112,393
Mr. Beaver (5)	47,480
Mr. Davis	72,753
Mr. Aladwani	41,695
Mr. Halligan	29,538
Total	571,177

- (5) Effective September 7, 2016, Mr. Beaver resigned as Senior Vice President of Sales of the Company.

**Table of Contents****MANAGEMENT**

Set forth below is information with respect to each director and executive officer of the Company as of September 26, 2016. The executive officers are elected by the Board of Directors and serve at the discretion of the Board. There are no family relationships between any two directors or executive officers.

Name	Age	Position
<i>Directors:</i>		
F. Gardner Parker <sup>(4)</sup>	74	Chairman of the Board
John W. Dalton <sup>(1),(2),(3),(4)</sup>	75	Director
Parris H. Holmes <sup>(1), (2), (3)</sup>	72	Director
David P. Tusa	56	Director, Chief Executive Officer and President
Philip C. Zerrillo <sup>(1), (2), (3)</sup>	58	Director
<i>Executive Officers:</i>		
Diana P. Diaz	53	Vice President and Chief Financial Officer
Gregory C. Davis	49	Vice President of Operations
Khairan Al Aladwani	61	Vice President of Quality Control / Assurance
Dennis P. Halligan	42	Vice President of Marketing

**Notes:**

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Corporate Governance Committee
- (4) Member of the Acquisition Committee

The following information about the Company's executive officers and directors details their business experience, including the qualifications, attributes or skills that caused the Board to determine that each such board member should serve as a director of the Company.

F. Gardner Parker has served as a director of the Company since February 2003 and was appointed Chairman of the Board in November 2010. In November 2008, Mr. Parker was named Lead Independent Director. Mr. Parker serves on the board of directors of two other public companies, including: Camden Property Trust and Carrizo Oil & Gas. In the past, Mr. Parker served on the boards of Crown Resources, Blue Dolphin Energy Company, Hercules Offshore, Pinnacle Oil & Gas and Triangle Petroleum Corporation. Mr. Parker was previously with Ernst & Ernst (now Ernst & Young LLP) for 14 years, seven of which he served as a partner. Mr. Parker is a 2011 National Association of Corporate Directors (NACD) Board Leadership Fellow (through December 2013), completing a program of study for experienced corporate directors covering leading practices for boards and committees. Mr. Parker brings to the Board of Directors an extensive background in accounting and tax matters, experience as a director on the boards and audit committees of numerous public and private companies, and financial experience through his involvement in structuring private and venture capital investments for the past 25 years.

John W. Dalton has served as a director of the Company since November 2008. From May 2004 to August 2016, Mr. Dalton operated an investment firm, Domaine Capital Properties, where he served as principal owner and founder. Mr. Dalton serves as the general partner or performs a similar function for a number of other private entities. Prior to May 2004, Mr. Dalton was a Vice President of RBC Dain Rauscher, Inc. ( RBC ), a full-service brokerage and investment firm. Mr. Dalton was employed by RBC for 38 years. Mr. Dalton was a director of Cleveland Bank and Trust from 1976 to 1980. In 1982 Mr. Dalton was appointed by the then Governor of the State of Texas to the Texas Motor Vehicle Commission where he served in various roles including Chairman from 1982 to 1987. Mr. Dalton brings to the Board of Directors extensive experience in capital markets, experience on several private boards as well as involvement in the Texas and Houston business communities.

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Parris H. Holmes has served as a director of the Company since July 1998. He previously served on the Company's Board of Directors from March 1992 until April 1996. Mr. Holmes served as Chairman of the Board and Chief Executive Officer of New Century Equity Holdings Corporation from May 1996 to June 2004. Mr. Holmes served as both Chairman of the Board and Chief Executive Officer of USLD Communications Corp., formerly U.S. Long Distance Corp. (USLD), from September 1986 until August 1996, and served as Chairman of the Board of USLD until June 2, 1997. Prior to March 1993, Mr. Holmes also served as President of USLD. Mr. Holmes was a member of the Board of Directors of Princeton eCom Corporation, a leading provider of electronic bill presentment and payment services, from September 1998 until March 2004. Mr. Holmes served as a member of the Board of Directors of Tanisys Technology Inc. from June 1993 through January 2002. Mr. Holmes brings to the Board of Directors extensive experience as a Chief Executive Officer, Chairman and Board member of numerous public and private companies in many industries.

Philip C. Zerrillo, Ph.D. has served as a director of the Company since September 1999. Dr. Zerrillo served, from 1999 to 2004, as Associate Dean and Executive Director of the Executive Education program at the University of Texas in Austin. Dr. Zerrillo has also served, from 2000 to 2002, as the Graduate Business Dean at the University of Texas in Austin. He has served as a visiting professor at several universities, including Northwestern University J.L. Kellogg Graduate School of Management, Thammasat University (Thailand), Hebrew University (Israel), IMADEC University (Austria), Helsinki School of Economics (Singapore) and The Luiss Guido Carli School of Management (Rome). Dr. Zerrillo is also the author of numerous published articles in the fields of distribution channel management and business system innovation. Dr. Zerrillo is currently a professor at the Singapore Management University where he is Executive Director of Postgraduate Professional Studies and of Case Writing Initiatives. Dr. Zerrillo also consults internationally. Dr. Zerrillo brings to the Board of Directors business and financial expertise gained from a Ph.D. in marketing, extensive international academic appointments and consultation with international businesses as well as strategic business management expertise.

David P. Tusa was appointed President of the Company in June 2010, Chief Executive Officer on September 30, 2010 and a member of the Board of Directors in November 2010. He joined the Company in February 2003 as the Executive Vice President, Chief Financial Officer and Business Development and served in such positions until he was named President of the Company in June 2010. Mr. Tusa was the Executive Vice President and Chief Financial Officer of Billing Concepts Corp. from August 1999 until June 2004. Prior to Billing Concepts, Mr. Tusa was Executive Vice President and Chief Financial Officer of U.S. Legal Support, a provider of litigation support services, during the period from September 1997 to August 1999. Mr. Tusa also served as Senior Vice President and Chief Financial Officer of Serv-Tech, Inc., a publicly-held provider of specialty services to industrial customers in multiple industries, from April 1994 through August 1997. Additionally, Mr. Tusa held various positions with CRSS, Inc., a publicly-held diversified services company from May 1990 through April 1994. Mr. Tusa served as an advisor to the Board of Directors of the Company from October 2001 to February 2003. He is a Certified Public Accountant and holds a BBA from the University of Houston. Mr. Tusa brings to the Board of Directors extensive knowledge of the Company and its operations gained over his years of service as an advisor or executive of the company as well as his experience as a senior corporate executive with other high growth public companies, his financial and accounting experience, and his experience as a director of other public companies.

Diana P. Diaz, CPA joined the Company in June 2010 as Vice President and Chief Financial Officer. Previously Ms. Diaz served in progressively challenging roles in the health and energy industries including Chief Financial Officer of the University General Hospital in Houston, Texas from 2006 to 2009 and Controller at Memorial Hermann Healthcare System, Texas Medical Center from 2002 to 2006. Prior to that, Ms. Diaz served as Vice President and Controller of the wholesale group at Reliant Energy, Inc. Ms. Diaz was also a Senior Audit Manager at Deloitte where she had more than ten years of experience. She is a Certified Public Accountant and holds an MBA from Rice University and a BBA from the University of Texas.





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Gregory C. Davis, Vice President of Operations, served as an information technology consultant to the Company beginning in 2004 and was appointed Director of Information Technology in March 2007. Mr. Davis was promoted to Vice President of Operations in May 2011 with responsibility for the Company's traditional warehouse, manufacturing and distribution functions, while also managing delivery and integration of the increased data and technology requirements of the Company's new solution offerings to its existing and new customers. Mr. Davis also continues to manage the information technology functions of the Company and during 2016 began to oversee customer service. Prior to joining the Company, Mr. Davis was the founder of an information technology company and held various positions in the information technology industry.

Khairan Al Aladwani, Vice President of Quality Control/Assurance, joined the Company in March 2008 as the Company's Senior Vice President of Operations and served in such position until October 1, 2009 at which time he was named Vice President of Quality Control/Assurance. Prior to his employment with the Company, Mr. Aladwani served as Vice President of Operations for Generic Medical Devices ( GMD ), a developer and manufacturer of medical devices. Prior to GMD, Mr. Aladwani served in various operational roles with Cyberonics, Inc. (from 1999 to 2006), Creos Medical and Ohmeda Medical. Mr. Aladwani has extensive medical device, FDA and ISO experience as well as lean manufacturing certification from Purdue University. Mr. Aladwani holds a BA in Business Administration from Kuwait University.

Dennis P. Halligan, Vice President of Marketing, joined the Company in February 2011 as the Company's Director of Marketing and served in such position until November 20, 2014 at which time he was named Vice President of Marketing. During 2016, Mr. Halligan began to lead the Company's Inside Sales group. Prior to his employment with the Company, Mr. Halligan was a principal with Stir Creative, a web marketing agency focused on digital branding as well as the development of traditional and ecommerce platforms. Prior to this, he was a Senior Marketing Manager at R.J. Reynolds Tobacco Company, responsible for brand promotions, sales distribution and new product launches in the company's Texas, Oklahoma and Louisiana markets. Mr. Halligan holds a BS in Marketing from the University of Louisiana at Lafayette.

Table of Contents**BOARD OF DIRECTORS****Election of Directors - PROPOSAL ONE (1)**

The bylaws of the Company provide that the Board of Directors shall consist of not fewer than three nor more than 10 members and that the number of directors, within such limits, shall be determined by resolution of the Board of Directors at any meeting or by the stockholders at the Annual Meeting.

The Corporate Governance Committee of the Board of Directors has nominated the individuals named below to be elected as Directors at the Annual Meeting. Each of the five nominees is presently serving as a Director of the Company. Each of the nominees has agreed to stand for election as a director of the Company, to serve until the Company's 2016 Annual Meeting of Stockholders or until his respective successor has been duly elected and qualified.

The table below sets forth the names and ages of the nominees for director and the year each nominee first became a Director of the Company. Biographical information on the nominees is set forth under the caption Management.

<b>Name (Age)</b>	<b>Director Since</b>
John W. Dalton (75)	2008
Parris H. Holmes (72)	1998
F. Gardner Parker (74)	2003
David P. Tusa (56)	2010
Philip C. Zerrillo (58)	1999

Unless otherwise indicated on any duly executed and dated proxy, the persons named in the enclosed proxy intend to vote the shares that it represents for the election of the nominees listed in the table above for the term specified. The Board of Directors anticipates that the listed nominees will be able and willing to serve, but if any nominee becomes unable or unwilling to serve, the proxy holders may vote such shares at their discretion for a substitute nominee designated by the Board of Directors.

Assuming the presence of a quorum, the affirmative vote of the holders of a plurality of the shares of Common Stock, represented in person or by proxy at the Annual Meeting, is required for the election of directors. Assuming the receipt by each such nominee of the affirmative vote of at least a plurality of the shares of Common Stock represented at the Annual Meeting, such nominees will be elected as directors. Proxies will be voted in accordance with the specifications marked thereon, and if no voting instructions are provided, then shares will not be voted for the nominees. **The Board of Directors recommends that Stockholders vote For the election of the nominees for director.**

**Board's Leadership Structure and Role in Risk Oversight**

**Director Independence** The Board has determined that each of Messrs. Parker, Dalton, Holmes, and Zerrillo is an independent director within the meaning of the applicable rules of the SEC and NASDAQ. The Audit Committee, Compensation Committee and Corporate Governance Committee of the Board are composed entirely of independent directors.

**Succession and Transition** David P. Tusa was appointed to the role of Chief Executive Officer effective September 30, 2010. Mr. Tusa has been with the Company for over 12 years and has been a key player in driving the Company's growth, strengthening the balance sheet and ensuring efficiency in operations. Mr. Tusa has been instrumental in

initiating the expansion of the Company's service offerings to include a route-based pickup service via acquisitions, direct operations or subcontractor relationships and with the

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development of new solutions including MedSafe, a patent-pending solution for the safe collection, transportation and proper disposal of unwanted and expired prescription medications, including controlled substances from ultimate users and the TakeAway Recycle System, a shipback solution for the collection and recycling of single-use devices from surgical centers and other healthcare facilities. The Board believes Mr. Tusa's primary role should be to lead and manage the day-to-day operations of the Company. Mr. Tusa has extensive knowledge of the day-to-day operations of the Company and his focus continues to be on expanding the Company's customer base, expanding relationships with existing customers, and developing strategic relationships and alliances.

F. Gardner Parker was appointed Chairman of the Board (the Chairman) in November 2010. The Chairman is expected to organize the Board activities to enable the Board to effectively guide, oversee and hold management accountable. To fulfill that role, the Chairman is expected to create and maintain an effective working relationship with the Chief Executive Officer and other members of the Board; provide the Chief Executive Officer on-going direction as to Board needs, interests and opinions; and ensure that the Board agenda is appropriately directed to the matters of greatest importance to the Company. The Chairman is expected to preserve the distinction between management and oversight, ensuring that management develops a corporate strategy and the Board of Directors reviews and expresses its views on the corporate strategy. In addition, the Chairman's roles include but are not limited to the following: (i) advising the Chief Executive Officer as to an appropriate schedule of Board meetings, (ii) seeking to ensure that the directors can perform their duties responsibly while not interfering with on-going Company operations, (iii) approving, with the Chief Executive Officer, an agenda and the meeting schedules for the Board of Directors and Board Committee meetings, (iv) advising the Chief Executive Officer as to the quality, quantity and timeliness of the information submitted to the Board by the Company's management that is necessary or appropriate for the directors to effectively and responsibly perform their duties, (v) calling meetings of the directors, and (vi) acting as the principal liaison between the directors and the Chief Executive Officer on sensitive issues.

***Board's Role in Risk Oversight*** The Board is responsible for determining the ultimate direction of our business, determining the principles of our business strategy and policies and promoting the long-term interests of the Company. The Board possesses and exercises oversight authority over the business, subject to governing documents and applicable law, but delegates day-to-day management of the Company to the Chief Executive Officer and other executive officers. This structure requires clear and timely communication between the Chief Executive Officer and Chairman regarding management decisions that will impact the Board. Viewed from this perspective, the Board generally oversees risk management, and the Chief Executive Officer and other executive officers manage the material risks that we face. The Board focuses on the most significant risks facing the Company and the Company's general risk management strategy, and also ensures that risks undertaken by the Company are consistent with such strategy.

Risks falling within this area would include but are not limited to business ethics, general business and industry risks, operating risks and financial risks. We have not concentrated within our executive officers responsibility for all risk management in a single risk management officer, but rather rely on various executive and other management personnel to understand, assess, mitigate and generally manage material risks that we face in various areas including capital expenditure plans, liquidity, operations and health, safety and environmental. As necessary, the Chief Executive Officer and other executive officers report to the Board and its committees, as appropriate, regarding material risk and the management of risk facing the Company. The Board monitors the risk management information provided to it and provides feedback to management from time to time.

The Audit Committee assists the Board in the oversight of the integrity of the Company's financial statements and various matters rela