

SHARPS COMPLIANCE CORP  
Form DEF 14A  
October 04, 2017

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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  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o 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):

x No fee required.

o 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) \_\_\_\_\_

(4) Proposed maximum aggregate value of transaction: \_\_\_\_\_

(5) Total fee paid: \_\_\_\_\_

o 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: \_\_\_\_\_

October 4, 2017

Dear Stockholder:

On behalf of the board of directors (the “Board of Directors”), I cordially invite you to attend the 2017 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 16, 2017 at 10:00 a.m. in the Boardroom at the Company’s principal executive offices 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,
- 3) cast a non-binding advisory vote on the frequency of future stockholder non-binding advisory votes on executive compensation, and
- 4) 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 4 and “For” a once every year frequency for Proposal 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 16, 2017. The Proxy Statement and a copy of our Annual Report on Form 10-K for the year ended June 30, 2017 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,

Phillip C. Zerrillo Ph.D.  
Chairman of the Board

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9220 Kirby Drive, Suite 500  
Houston, Texas 77054

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON NOVEMBER 16, 2017

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Stockholders (the "Annual Meeting") of Sharps Compliance Corp., a Delaware corporation (the "Company"), will be held on Thursday, November 16, 2017 at 10:00 a.m. (central time) in the Boardroom at the Company's principal executive offices 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
- 2) a non-binding advisory vote on executive compensation,
- 3) a non-binding advisory vote on the frequency of future stockholder non-binding advisory votes on executive compensation,
- 4) 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
- 5) such other business if properly raised.

The Board of Directors recommends that you vote "For" Proposals 1, 2, and 4 and "For" a once every year frequency for Proposal 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 25, 2017 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 4, 2017

**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

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PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON NOVEMBER 16, 2017

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"), on behalf of the Company, to be used at the Annual Meeting of Stockholders of the Company to be held on November 16, 2017 (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, the attached proxy card and the Notice of Annual Meeting are expected to be mailed to the stockholders of the Company on or about October 4, 2017.

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 "Named Executive Officers" of the Company as named in this Proxy Statement (referred to as "say-on-pay"), (iii) to cast a non-binding advisory vote, or abstain, on the frequency of future stockholder non-binding advisory votes on executive compensation, (iv) 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 (v) 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. Except as otherwise provided herein, if a proxy is signed without choices specified, those shares will be voted in accordance with the recommendations of the Board set forth herein. 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 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.



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The date of this Proxy Statement is October 4, 2017.

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, 2017, containing audited consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of operations, stockholders' equity and of cash flows for the three fiscal years ended June 30, 2017, is available at <http://investor.sharpsinc.com/annuals.cfm>. 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, 2017, 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 25, 2017 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 25, 2017, there were 16,008,412 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 (Proposal 1). With respect to matters other than the election of directors, including Proposal 4, 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. Proposals 2 and 3 are non-binding advisory votes on matters related to executive compensation and therefore there is no voting standard for those proposals, since the voting results will be informational only. 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. Proxies returned by brokerage firms for which no voting instructions have been provided by the beneficial owners will count towards the quorum. 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. 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. The uncontested election of directors (Proposal 1) and the non-binding advisory votes regarding executive compensation (Proposals 2 and 3) 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, 2, or 3. Please provide instructions to your brokers or nominee on how to vote your shares. The ratification of the selection of the independent registered public accounting firm (Proposal 4) is considered a routine matter.

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## 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 named executive officers of the Company, (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)	
Directors:			
F. Gardner Parker	273,875 <sup>(3)</sup>	1.7	%
John W. Dalton	1,112,852	6.7	%
Parris H. Holmes	913,035	5.5	%
David P. Tusa	368,637 <sup>(4)</sup>	2.2	%
Philip C. Zerrillo	438,531	2.7	%
Executive Officers:			
Diana P. Diaz	87,711 <sup>(4)</sup>	*	
Gregory C. Davis	81,607 <sup>(4)</sup>	*	
All executive officers and directors as a group (9 individuals)	3,367,939 <sup>(4)</sup>	20.4	%
Other:			
Pessin Family 366 Madison Avenue, 14th Floor New York, NY 10017	1,312,702 <sup>(5)</sup>	7.9	%
Goodman Financial Corporation 5177 Richmond Avenue, Suite 700 Houston, TX 77056	940,701 <sup>(6)</sup>	5.7	%

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) 16,008,412 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	279,637
Ms. Diaz	83,961
Mr. Davis	81,607
Mr. Aladwani	50,990
Mr. Halligan	40,701
Total	536,896

- (5) Based on Schedule 13D/A filed February 16, 2016 with the SEC, Norman Pessin has sole voting and dispositive power with respect to 957,459 shares of Common Stock; Sandra F. Pessin has sole voting and dispositive power with respect to 122,059 shares of Common Stock; and Brian Pessin has sole voting and dispositive power with respect to 233,184 shares of Common Stock.

- (6) Based on Schedule 13F filed June 30, 2017 with the SEC, Goodman Financial Corporation is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. Mr. Goodman is President and Chief Investment Officer of Goodman Financial Corporation and beneficially owns a controlling percentage of its outstanding voting securities.

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DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is information with respect to each director and executive officer of the Company as of September 25, 2017. 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
Directors:		
Philip C. Zerrillo	59	Chairman of the Board
John W. Dalton <sup>(1),(2),(3)</sup>	76	Director
Parris H. Holmes <sup>(1),(2),(3),(4)</sup>	73	Director
F. Gardner Parker <sup>(1),(2),(3),(4)</sup>	75	Director
David P. Tusa	57	Director, Chief Executive Officer and President
Executive Officers:		
Diana P. Diaz	54	Vice President and Chief Financial Officer
Gregory C. Davis	50	Vice President of Operations
Khairan "Al" Aladwani	62	Vice President of Quality Control / Assurance
Dennis P. Halligan	43	Vice President of Marketing

Notes: