

PERFECTDATA CORP

Form SB-2

December 19, 2005

As filed with the Securities and Exchange Commission on December 19, 2005

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SB-2

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SONA MOBILE HOLDINGS CORP.

F/K/A PerfectData Corporation

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

7371

(Primary Standard Industrial
Classification Code Number)

95-3087593

(I.R.S. Employer Identification
No.)

Sona Mobile Holdings Corp.
825 Third Avenue, 32nd Floor
New York, New York 10022
(212) 486-8887 Telephone
(212) 486-4469 Facsimile

(Address, including zip code, and telephone number, including area code, of Registrant's executive offices)

John Bush

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Copy to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the ‘‘Securities Act’’), check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each class of Securities to be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Security(1)(2)	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee
Common stock, par value \$.01 per share	3,848,700	\$1.70	\$6,542,790	\$700.08
Common stock, par value \$.01 per share, underlying Common Stock Purchase Warrants including shares issuable to cover anti-dilution adjustments(3)	962,175	\$1.70	\$1,635,698	\$175.02
Total	4,810,875	\$1.70	\$8,178,488	\$875.10

(1)Estimated solely for purposes of determining the registration fee pursuant to Rule 457 under the Securities Act.

(2)Pursuant to Rule 457(c), the maximum offering price for the common stock is based upon the average of the high and low sales prices of the Common Stock on the OTC Bulletin Board on December 14, 2005.

(3)In accordance with Rule 416, the registrant is also registering hereunder an indeterminate number of shares of Common Stock that may be issued and resold to prevent dilution from stock splits, stock dividends and similar transactions.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION

STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Dated December 19, 2005

4,810,875 SHARES
OF
COMMON STOCK
SONA MOBILE HOLDINGS CORP.

The selling stockholders named in this prospectus are offering up to 4,810,875 shares of our common stock, par value \$.01 per share (“Common Stock”). Of these shares, 962,175 shares are issuable upon exercise of four-year warrants (“Warrants”) to purchase shares of our Common Stock at a price of \$1.968 per share. We will not receive any of the proceeds from the sale of the shares, although we will receive aggregate proceeds of approximately \$1.9 million if all of the Warrants are exercised. We will bear all costs and expenses relating to the offer and sale of these shares, including the expenses of registering these shares under Securities Act of 1933, as amended (the “Securities Act”). We expect these costs and expenses will be approximately \$64,000. Any commissions, fees and discounts of underwriters, brokers, dealers or agents will be paid by the selling stockholders.

Each selling stockholder will sell his or its shares whenever it chooses to do so at varying prices to be determined at the time of each sale. Each selling stockholder may sell its shares directly to or through broker-dealers, who may receive compensation in the form of discounts, concessions or commissions from either the selling stockholder or the purchasers of the shares or both of them. Brokers or dealers effecting transactions in these shares should confirm that the shares are registered under applicable state law or that an exemption from registration is available. The selling stockholders and any participating broker-dealers may be deemed to be “underwriters” within the meaning of the Securities Act and any commissions paid to or discounts taken by any such broker-dealer may be regarded as underwriting commissions or discounts under the Securities Act. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute their Common Stock

Our Common Stock is quoted on the OTC Bulletin Board under the trading symbol “SNAM”. The closing price for our Common Stock on the OTC Bulletin Board was \$1.63 on December 13, 2005.

See “Risk Factors” beginning on page 7 of this prospectus for the factors you should consider before buying shares of our Common Stock.

No underwriter or person has been engaged by us to facilitate the sale of the shares of Common Stock in this offering. This offering will continue for up to 24 months after the accompanying registration statement is declared effective by the Securities and Exchange Commission or for so long thereafter as sales of shares offered by the selling stockholders would otherwise be subject to volume limitations imposed under the

Securities Act.

Neither the Securities and Exchange Commission nor any other regulatory body has approved these shares or determined that this prospectus is accurate or complete. It is illegal for anyone to tell you otherwise.

The date of this Prospectus is _____, 2006

INSIDE FRONT COVER

We own various registered and unregistered trademarks, some of which are mentioned in this prospectus.

All references to “we,” “us,” “our” and similar terms refer to Sona Mobile Holdings Corp., its predecessor, and its subsidiaries, Sona Mobile, Inc., Sona Innovations, Inc. and Sona Limited.

FORWARD-LOOKING STATEMENTS

Some of the statements made in this prospectus discuss future events and developments, including our future business strategy and our ability to generate revenue, income and cash flow. In some cases, you can identify forward-looking statements by words or phrases such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “potential,” “continue,” “our future success depends,” “seek to continue,” or the negative of these words or phrases, or comparable words or phrases. These statements are only predictions that are based, in part, on assumptions involving judgments about future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various facts, including the risks outlined in this “Risk Factors” section. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results.

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PROSPECTUS SUMMARY

This summary provides a brief overview of the key aspects of the offering. However, it is a summary and may not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus, including our financial statements and the notes to those statements.

We are a Vertical Wireless Software and Service Provider specializing in value-added services to data-intensive vertical market segments. Through our subsidiaries, we develop, market and sell wireless data application software for mobile devices in the rapidly growing wireless data marketplace. Our revenues consist primarily of licensing and support fees relating to our flagship product, the Sona Wireless Platform™ (SWP) and related end-user wireless applications to enterprises and cellular operators.

Our value proposition is to unlock, integrate and seamlessly deliver all types of data to wireless devices, whether streaming financial markets data for the investment banking industry, complex databases and enterprise applications for supporting all areas of a corporate organization or live television and digital radio delivery to the growing consumer market via channel and content partners —anytime, anywhere. We deliver these products and services globally across most of the major cellular networks and prominent wireless device operating systems.

We market our products and services principally to two large vertical markets and one broad horizontal market.

- **Financial services.** One of our primary focuses is to develop software for the data-intensive investment banking community and client-facing applications for the retail banking industry.
- **Media; entertainment and gaming.** We deliver content via significant channel partners and content partners, including live streaming television, digital radio, specific theme phones and gaming applications.
- **Enterprise software.** Our products and services extend enterprise applications to the wireless arena, such as customer relationship management systems, sales force automation systems, information technology (IT) service desk and business continuity protocols, all of which are delivered in compliance with the current regulatory environment.

The market demand for mobile and wireless software, both at the enterprise and consumer levels, continues to grow rapidly. We believe that we are well-positioned to exploit this opportunity with various focused initiatives, ranging from direct and channel sales to the enterprise market, combined with strategic alliance and joint venture agreements with content providers to satisfy the significant growth in demand from the consumer market for these types of services.

Growth Strategy

Our growth strategy is to increase the sales of our software products by: (i) continued investment in promoting and marketing our product and service offerings to prospective customers and to other technology service providers (i.e. systems integrators, value added resellers and managed service providers) which we believe will have the effect of developing greater customer demand and broadening our market coverage; and (ii) increasing functionality. Our ability to implement our growth strategy will depend on identifying and obtaining new customers and resellers on desirable economic terms.

Corporate Information

We were incorporated in the State of California on June 8, 1976 under the name PerfectData Corporation. On November 29, 2004, we reincorporated in the State of Delaware. On April 19, 2004, Sona Mobile, Inc., a privately held company organized under the laws of the State of Washington, merged with and into PerfectData Acquisition Corporation (“Merger Sub”), a Delaware corporation and the wholly-owned subsidiary of PerfectData Corporation, a then inactive publicly held company (“PerfectData”). In the merger, Merger Sub changed its name to Sona Mobile, Inc. On November 17, 2005, PerfectData changed its name to Sona Mobile Holdings Corp.

Our principal executive office is located at 825 Third Avenue, 32nd Floor, New York, New York 10022 and our telephone number is (212) 486-8887. Our Web address is www.sonamobile.com. None of the information on our Web site is part of this prospectus.

The Offering

Securities offered	4,810,875 shares of Common Stock, including 962,175 shares underlying the Warrants.
Shares of Common Stock outstanding before this offering	37,927,350
Shares of Common Stock outstanding after this offering	38,889,525*
Use of Proceeds:	We will not receive any of the proceeds from the sale of the shares, although we will receive up to approximately \$1.9 million upon the exercise of the Warrants in full. These proceeds, if any, will be used for working capital. We will pay all of the expenses of this offering, including, without limitation, professional fees, printing expenses and registration fees.
Risk Factors:	The offering involves a high degree of risk. Please refer to “Risk Factors” for a description of the risk factors you should consider.
OTC bulletin board symbol:	SNAM

* Assumes all of the Warrants are exercised.

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Summary Financial Information

The following table summarizes our statement of operations data for the period from November 12, 2003 (the date Sona Mobile, Inc. commenced operations) to December 31, 2003, the year ended December 31, 2004 and the nine months ended September 31, 2004 and 2005.

	Period from November 12, 2003 to December 31, 2003	Year ended December 31, 2004	Nine months ended September 30, 2004	2005
Revenue	\$ —	\$ 401,536	\$ 280,643	\$ 380,321
Operating expenses	114,824	1,000,515	673,673	4,046,906

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Operating loss	\$	(114,824)	\$	(598,979)	\$	(393,030)	\$	(3,666,585)
Net loss	\$	(114,824)	\$	(626,156)	\$	(384,465)	\$	(3,614,714)
Comprehensive loss	\$	(112,523)	\$	(654,108)	\$	(378,114)	\$	(3,647,551)
Net loss per common share – basic and diluted	\$	(0.23)	\$	(0.43)	\$	(0.35)	\$	(0.56)
Weighted average number of common shares – basic and diluted		492,867		1,450,761		1,102,690		6,430,959

The following table summarizes our balance sheet data as at December 31, 2004 and September 30, 2005.

	December 31, 2004 (audited)	September 30, 2005 (unaudited)
Cash and cash equivalents	\$113,629	\$3,782,400
Total assets	\$780,774	\$4,383,647
Total liabilities	\$891,391	\$ 880,239
Working capital (deficit)	\$(452,217)	\$3,444,984
Accumulated (deficit)	\$740,980	\$4,355,692
Total stockholders' deficiency	\$110,617	\$3,503,408

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RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below and the other information in this proxy, including our financial statements and the notes to those statements, before you purchase any of our securities. Unless indicated otherwise, all references to “we,” “our,” and “us” and similar terms refer to Sona Mobile Holdings Corp., its predecessor, and its subsidiaries, Sona Mobile, Inc., Sona Innovations, Inc. and Sona Limited.

Risks Related to Our Business

Our limited operating history makes evaluation of our business and prospects difficult.

Our limited operating history makes it difficult to evaluate our business and prospects. We have encountered, and expect to continue to encounter, many of the difficulties and uncertainties often faced by early stage companies. You should consider our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by early stage companies, including limited capital, delays in product development, marketing and sales obstacles and delays, inability to gain customer acceptance of our products and services, inability to attract and retain high-quality and talented executives and other personnel and significant competition. We cannot be certain that we will successfully address these risks. If we are unable to address these risks, our business may not grow, our stock price may suffer and/or we may be unable to stay in business.

We have a history of losses and cash flow deficits and we expect to continue to operate at a loss and to have negative cash flow for the foreseeable future.

We have never been profitable and we cannot assure you that we will ever be profitable. Through September 30, 2005, we had cumulative net losses in excess of \$3.6 million. We also have negative cash flows from operations. We expect that our expenses will increase substantially as we continue to develop our products and services. In addition, as a public company our general administrative expenses will increase significantly. As a result, we expect to continue to incur losses for the foreseeable future. Whether we ever become profitable will depend on many factors, but principally on our ability to successfully market our products and services.

We will be required to seek additional financing, which may not be available.

We believe that our current cash balances will be sufficient to meet our working capital and capital expenditure requirements only through approximately the quarter ending March 31, 2006. We have instituted a program to reduce our expenditures and are actively seeking to raise additional financing. However, we do not have any commitment for such financing. Such a financing could dilute the interests of our existing shareholders or increase our operating expenses. We cannot assure you that we will be able to obtain such a financing on acceptable terms, if at all. If we cannot meet our revenue and cash flow forecasts and are also unable to secure additional financing, we may have to significantly curtail our operations or take other restructuring actions.

Our operating results may fluctuate dramatically, particularly from quarter to quarter.

We anticipate that our quarterly and annual operating results will fluctuate dramatically over the near terms as a result of a number of factors, including the following:

- volume and timing of orders received;
- the availability and cost of products and components from our suppliers;
- the mix of products and services sold;
- patterns of capital spending by enterprises for technology products and services;
- the timing of new product announcements and releases;
- pricing pressures; and

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- general economic conditions.

As a result of these and other factors, we have historically experienced, and may continue to experience, fluctuations in revenues and operating results. In addition, it is possible that in the future our operating results may fall below the expectations of analysts and investors, and as a result, the price of our securities may fall.

Our future success depends on broad market acceptance of wireless technology for data applications, which may not happen.

The market for wireless data application products and services has begun to develop only recently and is characterized by rapid technological change, evolving industry standards and strong customer demand for new products,

applications and services. As is typical of a new and rapidly evolving industry, the demand for, and market acceptance of, wireless data