

SED INTERNATIONAL HOLDINGS INC  
Form DFAN14A  
October 02, 2013

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**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 Rule 14a-12

**SED INTERNATIONAL HOLDINGS, INC.**

(Name of Registrant as Specified in its Charter)

**PARAGON TECHNOLOGIES, INC.**

**GAD PARTNERS FUND LP**

**GAD CAPITAL MANAGEMENT LLC**

**JACK H. JACOBS**

**HESHAM M. GAD**

**DENNIS L. CHANDLER**

**SAMUEL S. WEISER**

**KLAUS-DIETER WURM**

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- 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:

(4) Date Filed:

## **Paragon Files Suit Against SED International Holdings to Hold Annual Meeting**

### **Re-Issues Warning to SED Board regarding Entrenchment Activities**

October 2, 2013 – Paragon Technologies, Inc. has today filed litigation against SED International Holdings, Inc. (NYSE MKT: SED) in Gwinnett County, Georgia to force SED to call and hold its 2013 annual meeting of shareholders, which SED is required under its by-laws and applicable law to hold by the end of December 2013. Paragon, together with its director nominees and one of its affiliates, is the largest shareholder of SED, holding approximately 32.83% of SED's shares.

The existing SED board has failed to call its annual meeting in accordance with its historical practices, and Paragon believes the SED board is taking every action possible to avoid a shareholder vote, including ignoring Paragon's previous valid and lawful notice calling a special meeting of shareholders to remove and replace the SED board.

Paragon calls on the existing SED board to allow shareholders their fundamental right to vote on the election of directors. Paragon intends to hold the SED board responsible for not allowing shareholders to decide who will be the directors of SED. Paragon again calls on the existing SED board to cease its entrenchment activities in response to Paragon's proxy contest and significant stock holdings and shareholder support.

***Paragon also restates its warning to the existing SED board that if it takes any action between now and the 2013 annual meeting of shareholders to thwart or impede Paragon's efforts to elect a new SED board, Paragon will immediately file suit against the SED directors to protect the SED business and its shareholders. If any third party is involved in any such actions, whether through the pretext of a corporate transaction or otherwise, Paragon will also file suit against such third party.***

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As of the date hereof, Paragon Technologies, Inc., its largest shareholder Gad Partners Fund LP, and Paragon's director nominees together beneficially own 1,695,481 shares of common stock of SED International Holdings, Inc., representing approximately 32.83% of SED's outstanding shares, based on the 5,165,500 shares reported by SED as

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being outstanding as of September 19, 2013 in its Annual Report on Form 10-K filed with the Securities and Exchange Commission with respect to its fiscal year ended June 30, 2013.

Paragon Technologies, Inc., Gad Partners Fund LP, Gad Capital Management LLC and Paragon's board nominees will be participants in Paragon's solicitation of proxies for the election of these nominees to the SED board of directors. Paragon intends to make a preliminary filing with the SEC of a proxy statement and accompanying proxy card to be used to solicit votes for the election of director nominees at the 2013 annual meeting of shareholders of SED. **SED SHAREHOLDERS SHOULD READ PARAGON'S PROXY STATEMENT AND OTHER PROXY MATERIALS AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION REGARDING SED'S ANNUAL MEETING AND THE SOLICITATION BY PARAGON OF PROXIES TO BE USED AT THE ANNUAL MEETING. SHAREHOLDERS WILL BE ABLE TO OBTAIN COPIES OF PARAGON'S PROXY STATEMENT AND OTHER PROXY SOLICITATION MATERIALS, FREE OF CHARGE, FROM PARAGON, ITS PROXY ADVISOR OR THE SEC'S WEBSITE LOCATED AT WWW.SEC.GOV.**

Shareholder Contact:

Alliance Advisors

Peter Casey, 973-873-7710