

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form PRE 14C

INTERNET BUSINESS INTERNATIONAL INC  
Form PRE 14C  
April 18, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c)  
of the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

INTERNET BUSINESS'S INTERNATIONAL, INC.  
(Name of Registrant as Specified in Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) 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:
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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

INTERNET BUSINESS'S INTERNATIONAL, INC.  
4634 SOUTH MARYLAND PARKWAY, SUITE 101  
LAS VEGAS, NEVADA 89119

INFORMATION STATEMENT

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This Information Statement is being circulated to the shareholders of Internet Business's International, Inc., a Nevada corporation (the "Company") in connection with the taking of corporate action without a meeting upon the written consent of the holders of a majority of the outstanding shares of the Company's common stock, \$0.001 par value (the "Common Stock").

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

As more completely described below, the matter upon which action was taken is the approval of a one-for-ten (1 for 10) reverse stock split of the Common Stock. The date such action was approved by written consent of the shareholders was April 15, 2002.

This Information statement is being first sent or given to shareholders on or about April \_\_, 2002.

By Order of the Board of Directors

/s/ Albert R. Reda  
Albert R. Reda  
Chief Executive Officer

Las Vegas, Nevada  
April \_\_, 2002

WE ARE NOT ASKING YOU FOR A PROXY AND  
YOU ARE REQUESTED NOT TO SEND US A PROXY.

The Board of Directors of INTERNET BUSINESS'S INTERNATIONAL, INC., a Nevada corporation (the "Company") is furnishing this Information Statement to shareholders in connection with a Majority Action of Shareholders of the Company taken on April 15, 2002, related to approving a one-for-ten reverse stock split of the Company's common stock, \$0.001 par value (the "Common Stock").

This Information Statement is first being mailed to shareholders on or about April \_\_, 2002.

### QUESTIONS AND ANSWERS

- Q: What am I being asked to approve?
- A: You are not being asked to approve anything. This Information Statement is being provided to you solely for your information. Shareholders holding a majority of the outstanding voting common stock of the Company have already agreed to approve a one-for-ten reverse stock split of the Company's outstanding Common Stock.
- Q: Who can I call with questions?
- A: Please call Albert R. Reda at (949) 833-0261.

### GENERAL INFORMATION

#### OUTSTANDING SHARES AND VOTING RIGHTS

On April 15, 2002, the Board of Directors authorized and approved, subject to shareholder approval, a corporate action, which

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the Board of Directors deemed to be in the best interests of the Company and its shareholders. The Board of Directors further authorized the preparation and circulation of this Information Statement and a shareholders' consent to the holders of a majority of the outstanding shares of Common Stock.

There are currently 343,486,029 shares of Common Stock outstanding, and each share of Common Stock is entitled to one vote. The consent of shareholders holding at least fifty percent (50%) of the outstanding shares of Common Stock is necessary to approve the matter being considered. Except for the Common Stock, there is no other class of voting securities outstanding at this date. The record date for determining shareholders entitled to vote or give consent is April 15, 2002 (the "Record Date"). As of the Record Date, shareholders holding 176,398,906 shares (51.35%) have provided their consent to the proposed action.

The matter upon which action is proposed to be taken is the effectuation by the Company of a one-for-ten reverse stock split of the Company's outstanding Common Stock (the "Reverse Stock Split").

Upon the effective date of the Reverse Stock Split, each certificate representing shares of Common Stock outstanding immediately prior to the Reverse Stock Split (the "Old Common Stock") will be deemed automatically without any action on the part of the shareholders to represent one-tenth the number of shares of Common Stock after the Reverse Stock Split (the "New Common Stock"); provided, however, that no fractional shares of New Common Stock will be issued as a result of the Reverse Stock Split. All fractional shares will be rounded to the next highest whole number. After the Reverse Stock Split becomes effective, shareholders will be asked to surrender certificates representing shares of Old Common Stock in accordance with the procedures set forth in a letter of transmittal to be sent by the Company. Upon such surrender, a certificate representing shares of New Common Stock will be issued and forwarded to the shareholders.

The Reverse Stock Split alone will reduce the number of outstanding shares of Common Stock to approximately 34,348,600 shares. The number of shares of capital stock authorized by the Articles of Incorporation will not change as a result of the Reverse Stock Split. The Common Stock issued pursuant to the Reverse Stock Split will be fully paid and non-assessable. The Reverse Stock Split will not alter the voting and other rights that presently characterize the Common Stock. The Common Stock is currently quoted on the OTC Bulletin Board under the trading symbol "IBUI."

### EXPENSES OF INFORMATION STATEMENT

The expenses of mailing this Information Statement will be borne by the Company, including expenses in connection with the preparation and mailing of this Information Statement and all documents that now accompany or may hereafter supplement it. It is contemplated that brokerage houses, custodians, nominees, and fiduciaries will be requested to forward the Information Statement to the beneficial owners of the Common Stock held of record by such persons and that the Company will reimburse them for their reasonable expenses incurred in connection therewith.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the

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beneficial ownership of shares of the Company's common stock as of April 15, 2002 by (i) all stockholders known to the Company to be beneficial owners of more than 5% of the outstanding Common Stock; (ii) each director; and (iii) all directors and executive officers of the Company individually and as a group. Unless otherwise indicated, each person has sole voting power and sole dispositive power as to all of the shares shown as beneficially owned by them:

| Name and Address<br>of Beneficial Owner  | Amount and Nature of<br>Beneficial Ownership | Percent of<br>Class |
|--|--|---------------------|
| Reda Family Trust (1)<br>3338 Punta Alta, #1E<br>Laguna Hills, CA 92653          | 29,600,000                                   | 8.61%               |
| Cherry Family Trust (2)<br>29245 Pompano Way<br>Laguna Niguel, CA 92677          | 15,916,086                                   | 4.63%               |
| Romis Corp. (3)<br>P.O. Box 4321<br>Mission Viejo, CA 92690                      | 17,750,000                                   | 5.16%               |
| Albert Reda Corp. (4)<br>3900 Birch Street, Suite 103<br>Newport Beach, CA 92660 | 17,750,000                                   | 5.16%               |
| Wade Whitely<br>3900 Birch Street, Suite 103<br>Newport Beach, CA 92660          | 6,570,000                                    | 1.91%               |
| Albert R. Reda<br>3900 Birch Street, Suite 103<br>Newport Beach, CA 92660        | 1,566,086                                    | 0.45%               |
| Louis Cherry<br>3900 Birch Street, Suite 103<br>Newport Beach, CA 92660          | 17,750,000 (3) (5)                           | 5.16%               |
| All executive officers and<br>directors as a group (3 persons)                   | 89,152,172                                   | 25.92%              |

(1) Reda Family Trust is a trust created by Albert Reda for shares obtained upon the change in control of the Company in November 1998.

(2) Cherry Family Trust is a trust created by Louis Cherry for shares obtained upon the change in control of the Company in November 1998.

(3) Romis Corp. is a corporation controlled by Louis Cherry, which holds shares issued as compensation for services performed by Mr. Cherry for the Company.

(4) Albert Reda Corp. is a corporation controlled by Albert Reda, which holds shares issued as compensation for services performed by Mr. Reda for the Company.

(5) Consists of shares held by Romis Corp.

### REVERSE STOCK SPLIT

On April 15, 2002, the Board of Directors and holders of a majority of the outstanding Common Stock of the Company authorized and

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approved by written consent a Reverse Stock Split of one-for-ten of the Company's outstanding Common Stock. The intent of the Reverse Stock Split is to increase the marketability and liquidity of the Common Stock. However, shareholders are cautioned that there can be no assurance that this will come to pass.

As of the date of this Information Statement, it is anticipated that the Reverse Stock Split will become effective on or about May \_\_, 2002 (the "Effective Date"). The procedures for consummation of the Reverse Stock Split are attached hereto as Exhibit A.

### PURPOSES AND EFFECTS OF THE REVERSE STOCK SPLIT

The Common Stock is listed for trading on the OTC Bulletin Board under the symbol IBUI. On the Record Date, the reported closing price of the Common Stock on the OTC Bulletin Board was \$.0064 per share.

The Board believes that the current per-share price of the Common Stock has limited the effective marketability of the Common Stock because of the reluctance of many brokerage firms and institutional investors to recommend lower-priced stocks to their clients or to hold them in their own portfolios. Certain policies and practices of the securities industry may tend to discourage individual brokers within those firms from dealing in lower-priced stocks. Some of those policies and practices involve time-consuming procedures that make handling of lower-priced stock economically unattractive. The brokerage commission on lower-priced stock may also represent a higher percentage of the sale price than the brokerage commission on a higher priced issue. Any reduction in brokerage commissions resulting from the Reverse Stock Split may be offset, however, in whole or in part, by increased brokerage commissions required to be paid by stockholders selling "odd lots" created by such Reverse Stock Split.

On the Record Date the number of beneficial holders of the Common Stock was approximately 1,000. The Company does not anticipate that the Reverse Stock Split will result in a significant reduction in the number of such holders, and does not currently intend to effect any Reverse Stock Split that would result in a reduction in the number of holders large enough to eliminate the Company's being subject to the periodic reporting requirements of the Securities and Exchange Commission.

The Reverse Stock Split would have the following effects upon the number of shares of Common Stock outstanding (343,486,029 shares as of the Record Date) assuming that no additional shares of Common Stock are issued by the Company after the Record Date and that the Reverse Stock Split is effected and without taking into account any increase in the number of outstanding shares resulting from the exercise of outstanding options. The Common Stock will continue to have a par value of \$0.001 per share following the Reverse Stock Split, and the number of shares Common Stock outstanding will be reduced to approximately 34,348,600 shares.

At the Effective Date, each share of Common Stock issued and outstanding immediately prior thereto (the "Old Shares") will be reclassified as and changed into the appropriate fraction of a share of the Common Stock (the "New Common Stock"), subject to the treatment of fractional share interests as described below. Shortly after the Effective Date, the Company will send transmittal forms to the holders of the Old Common Stock to be used in forwarding their certificates formerly representing Old Common Stock for surrender and exchange for certificates representing New Common Stock. No certificates or scrip representing fractional share interests in the New Common Stock will

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be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a shareholder of the Company. In lieu of any such fractional share interest, each holder of Old Common Stock who would otherwise be entitled to receive a fractional share interest of New Common Stock will in lieu receive one full share upon surrender of certificates formerly representing Old Common Stock held by such holder.

### FEDERAL INCOME TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT

The following is a summary of the material federal income tax consequences of the proposed Reverse Stock Split. This summary does not purport to be complete and does not address the tax consequences to holders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, non-resident alien individuals, broker-dealers and tax-exempt entities. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations and proposed regulations, court decisions and current administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"), all of which are subject to change, possibly with retroactive effect, and assumes that the New Common Stock will be held as a "capital asset" (generally, property held for investment) as defined in the Code. Holders of Old Common Stock are advised to consult their own tax advisers regarding the federal income tax consequences of the Reverse Stock Split in light of their personal circumstances and the consequences under state, local and foreign tax laws.

1. The Reverse Stock Split will qualify as a recapitalization described in Section 368(a)(1)(E) of the Code.
2. No gain or loss will be recognized by the Company in connection with the Reverse Stock Split.
3. No gain or loss will be recognized by a shareholder who exchanges all of his or her Old Common Stock solely for New Common Stock.
4. The aggregate basis of the New Common Stock to be received in the Reverse Stock Split (including any whole shares received in lieu of fractional shares) will be the same as the aggregate basis of the Old Common Stock surrendered in exchange therefore.
5. The holding period of the New Common Stock to be received in the Reverse Stock Split (including any whole shares received in lieu of fractional shares) will include the holding period of the Old Common Stock surrendered in exchange therefore.

THE FOREGOING SUMMARY IS INCLUDED FOR GENERAL INFORMATION ONLY. ACCORDINGLY, EACH HOLDER OF COMMON STOCK OF THE COMPANY IS URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF THE PROPOSED REVERSE STOCK SPLIT, INCLUDING THE APPLICATION AND EFFECT OF THE LAWS OF ANY STATE, MUNICIPAL, FOREIGN OR OTHER TAXING AUTHORITY.

### EXHIBIT A THE REVERSE STOCK SPLIT

RESOLVED, that the Board of Directors be, and it hereby is, authorized to effect a Reverse Stock Split in accordance with the following resolutions.

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FURTHER RESOLVED, that such Reverse Stock Split shall be effected as follows:

Simultaneously with the effective date of the Reverse Stock Split (the "Effective Date"), which shall be 20 calendar days after the mailing to all shareholders of record as of April 15, 2002 of an Information Statement pursuant to Rule 14C-2 under the Securities Exchange Act of 1934, if a business day, or the next business day after such 20th day, each share of the Company's common stock, \$0.001 par value, issued and outstanding immediately prior to the Effective Date (the "Old Common Stock") shall automatically and without any action on the part of the holder thereof be reclassified as and changed, pursuant to a reverse stock split, into any fraction thereof, into one-tenth of a share of the Company's outstanding common stock, \$0.001 par value (the "New Common Stock"), subject to the treatment of fractional share interests as described below. Each holder of a certificate or certificates which immediately prior to the Effective Date represented outstanding shares of Old Common Stock (the "Old Certificates," whether one or more) shall be entitled to receive upon surrender of such Old Certificates to the Company's transfer agent for cancellation, a certificate or certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered, are reclassified under the terms hereof.

From and after the Effective Date, Old Certificates shall represent only the right to receive New Certificates pursuant to the provisions hereof. No certificates or scrip representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a shareholder of the Company. Any fraction of a share of New Common Stock to which the holder would otherwise be entitled will be adjusted upward to the nearest whole share. If more than one Old Certificate shall be surrendered at one time for the account of the same shareholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Company's transfer agent determines that a holder of Old certificates has not tendered all his or her certificates for exchange, the transfer agent shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that payment for fractional shares to any one person shall not exceed the value of one share. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and otherwise in proper form for transfer. From and after the Effective Date the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified

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under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.

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