

LQ CORP INC
Form DEFM14A
June 21, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 §240.14a-12

L Q CORPORATION, INC.

(Name of Registrant as Specified in Its Charter)

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.
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- (1) Amount previously paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Parties:
- (4) Date Filed:

DYNABAZAAR, INC.

888 Seventh Avenue, 17th Floor
New York, NY 10019

L Q CORPORATION, INC.

888 Seventh Avenue, 17th Floor
New York, NY 10019

To Dynabazaar Stockholders and L Q Corporation Stockholders:

The boards of directors of Dynabazaar, Inc. and L Q Corporation, Inc. have each unanimously approved a combination of the two companies pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation. The proposed transaction would take the form of a merger of LQ Merger Corp. with and into L Q Corporation, with L Q Corporation continuing after the merger as the surviving corporation and a wholly-owned subsidiary of Dynabazaar. As a result of the transactions contemplated by the proposed merger, the stockholders of L Q Corporation would become stockholders of Dynabazaar.

Upon the completion of the proposed merger, L Q Corporation stockholders will receive 3.68 shares of Dynabazaar common stock, par value \$0.001 per share, for each share of L Q Corporation common stock they own as of the effective time of the merger. The fixed ratio for exchange will be appropriately adjusted if any change occurs in the outstanding shares of capital stock of either company. Dynabazaar common stock is currently traded on the Over-the-Counter Bulletin Board under the trading symbol FAIM.OB . L Q Corporation s common stock is currently traded on the Over-The-Counter Bulletin Board under the symbol LQCI.OB . On June 20, 2007, the last trading day prior to the date of this joint proxy statement/prospectus, Dynabazaar common stock closed at \$0.2875 per share. On June 20, 2007, the last trading day prior to the date of this joint proxy statement/prospectus, L Q Corporation common stock closed at \$0.95 per share.

The merger cannot be completed unless the stockholders of both L Q Corporation and Dynabazaar adopt the amended and restated merger agreement at their respective special stockholders meetings. The Dynabazaar stockholders will also be asked to approve a proposal to amend Dynabazaar s certificate of incorporation to change the corporate name of Dynabazaar to Sielox, Inc. and to remove the classification of Dynabazaar s board of directors. More detailed information about Dynabazaar, L Q Corporation and the proposed merger is contained in this joint proxy statement/prospectus.

The date, time and place of each of the special stockholders meetings are as follows:

For Dynabazaar stockholders:

July 26, 2007
2:00 p.m. local time
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036

For L Q Corporation stockholders:

July 26, 2007
10:00 a.m. local time
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036

SEE RISK FACTORS BEGINNING ON PAGE 16 OF THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN EVALUATING THE PROPOSALS DESCRIBED HEREIN.

AFTER CAREFUL CONSIDERATION OF THE TERMS AND CONDITIONS OF THE PROPOSED MERGER, THE BOARD OF DIRECTORS OF L Q CORPORATION BELIEVES THAT THE PROPOSED MERGER IS FAIR TO, AND IN THE BEST INTERESTS OF, L Q CORPORATION AND ITS STOCKHOLDERS AND THEREFORE UNANIMOUSLY RECOMMENDS THAT L Q CORPORATION VOTE FOR THE ADOPTION OF THE AMENDED AND RESTATED MERGER AGREEMENT.

AFTER CAREFUL CONSIDERATION OF THE TERMS AND CONDITIONS OF THE PROPOSED MERGER AND THE TWO PROPOSED AMENDMENTS TO THE CERTIFICATE OF INCORPORATION, THE BOARD OF DIRECTORS OF DYNABAZAAR BELIEVES THAT THE PROPOSED MERGER AND THE TWO PROPOSED AMENDMENTS TO THE CERTIFICATE OF INCORPORATION ARE FAIR TO, AND IN THE BEST INTERESTS OF, DYNABAZAAR AND ITS STOCKHOLDERS AND THEREFORE UNANIMOUSLY RECOMMENDS THAT DYNABAZAAR STOCKHOLDERS VOTE FOR THE ADOPTION OF THE AMENDED AND RESTATED MERGER AGREEMENT, FOR THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION CHANGING THE CORPORATE NAME, AND FOR THE AMENDMENT TO THE

CERTIFICATE OF INCORPORATION DECLASSIFYING THE BOARD OF DIRECTORS.

The accompanying joint proxy statement/prospectus provides detailed information concerning the proposed merger, the proposed amendments to the Dynabazaar certificate of incorporation and certain additional information, including, without limitation, the information set forth under the heading Risk Factors, all of which you are urged to read carefully. **Your vote is very important.** Whether or not you plan to attend Dynabazaar's or L Q Corporation's special stockholders meeting, please take the time to vote by completing and mailing to us the enclosed proxy card. If your shares are held in street name, you must instruct your broker in order to vote. Failing to vote at the Dynabazaar special meeting or the L Q Corporation special meeting, in person or by proxy, will have the effect of a vote against the adoption of the amended and restated merger agreement, and, in the case of the Dynabazaar special meeting, will have the effect of a vote against the amendment to Dynabazaar's certificate of incorporation to change its corporate name and a vote against the amendment to Dynabazaar's certificate of incorporation to declassify its board of directors.

Sincerely,

Sincerely,

/s/ Rory J. Cowan

/s/ Steven Berns

Rory J. Cowan
Chairman of the Board
Dynabazaar, Inc.

Steven Berns
Chairman of the Board
L Q Corporation, Inc.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE TRANSACTION DESCRIBED IN THIS JOINT PROXY STATEMENT/PROSPECTUS OR THE OFFER OF THE SECURITIES OF DYNABAZAAR TO BE ISSUED PURSUANT TO THE MERGER, OR DETERMINED IF THIS JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This joint proxy statement/prospectus is dated June 21, 2007, and is first being mailed to stockholders of Dynabazaar and L Q Corporation on or about June 22, 2007.

ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Dynabazaar, Inc. and L Q Corporation, Inc. from documents that Dynabazaar and L Q Corporation have filed with the Securities and Exchange Commission (the SEC) that are not included in or delivered with this joint proxy statement/prospectus.

Dynabazaar will provide you with copies of information relating to Dynabazaar, without charge, upon written or oral request to:

Dynabazaar, Inc.
888 Seventh Avenue, 17th Floor
New York, New York 10019
Attention: Investor Relations
Telephone: (212) 974-5730

TO OBTAIN TIMELY DELIVERY OF REQUESTED MATERIALS, PLEASE REQUEST DOCUMENTS FROM DYNABAZAAR NO LATER THAN JULY 19, 2007. UPON REQUEST, DYNABAZAAR WILL MAIL ANY DOCUMENTS TO YOU BY FIRST CLASS MAIL BY THE NEXT BUSINESS DAY.

L Q Corporation will provide you with copies of information relating to L Q Corporation, without charge, upon written or oral request to:

L Q Corporation, Inc.
888 Seventh Avenue, 17th Floor
New York, New York 10019
Attention: Investor Relations
Telephone: (212) 974-5730

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TO OBTAIN TIMELY DELIVERY OF REQUESTED MATERIALS, PLEASE REQUEST DOCUMENTS FROM L Q CORPORATION NO LATER THAN JULY 19, 2007. UPON REQUEST, L Q CORPORATION WILL MAIL ANY DOCUMENTS TO YOU BY FIRST CLASS MAIL BY THE NEXT BUSINESS DAY.

See the section entitled "Where You Can Find More Information" beginning on page 156 of this joint proxy statement/prospectus for more information about the documents incorporated by reference in this joint proxy statement/prospectus.

You should rely only on the information contained in, or incorporated by reference into, this joint proxy statement/prospectus in deciding how to vote on each of the proposals. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated June 21, 2007. You should not assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate as of any date other than that date. If you have any questions or need assistance voting your shares, please call our proxy solicitor, D.F. King & Co., Inc. at 1-800-676-7437 or email our proxy solicitor at webmaster@dfking.com.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding Dynabazaar and LQ Merger Corp. has been provided by Dynabazaar and LQ Merger Corp., and information contained in this joint proxy statement/prospectus regarding L Q Corporation has been provided by L Q Corporation.

Dynabazaar, Inc.

888 Seventh Avenue, 17th Floor
New York, New York 10019
(212) 974-5730

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS To Be Held July 26, 2007

Dear Stockholders of Dynabazaar, Inc.:

You are cordially invited to a special meeting of stockholders of Dynabazaar, Inc. at the offices of Kramer Levin Naftalis & Frankel LLP, on July 26, 2007, at 2:00 p.m. local time. Only stockholders who hold shares of Dynabazaar common stock at the close of business on June 19, 2007, the record date for the special meeting, are entitled to vote at the special meeting and any adjournments or postponements of the special meeting.

At the special meeting, you will be asked to consider and vote upon the following proposals:

1. To adopt the Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation, Inc., and to approve the transactions contemplated by the amended and restated merger agreement, including the merger of LQ Merger Corp. with and into L Q Corporation;
2. To amend Dynabazaar's certificate of incorporation to change the name of the corporation to Sielox, Inc. ;
3. To amend Dynabazaar's certificate of incorporation to remove the classification of the board of directors; and
4. To consider and take action on any other business that may properly be brought before the special meeting or any properly reconvened meeting following an adjournment or postponement of the special meeting.

These proposals are described more fully in this joint proxy statement/prospectus. Please give your careful attention to all of the information in this joint proxy statement/prospectus.

The Dynabazaar board of directors unanimously recommends that Dynabazaar stockholders vote FOR the adoption of the amended and restated merger agreement, FOR the amendment to Dynabazaar's certificate of incorporation to change the corporate name and FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors.

This joint proxy statement/prospectus contains detailed information about Dynabazaar, L Q Corporation and the proposed merger. We urge you to read this joint proxy statement/prospectus carefully and in its entirety. In particular, see the section entitled "Risk Factors" beginning on page 16 of this joint proxy statement/prospectus for a discussion of the risks related to the merger. For specific instructions on how to vote your shares, please refer to the section of this joint proxy statement/prospectus entitled "The Special Meeting of Dynabazaar Stockholders" beginning on page 41.

Whether or not you plan to attend the special meeting, please vote as soon as possible so that your shares are represented at the meeting. If you do not vote, it will have the same effect as a vote against the proposal to adopt the amended and restated merger agreement, against the amendment to Dynabazaar's certificate of incorporation to change the corporate name and against the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors, and make it more difficult for Dynabazaar to achieve a quorum at the special meeting.

New York, New York
June 21, 2007

By Order of the Board of Directors,

/s/ Melvyn Brunt

Melvyn Brunt
Chief Financial Officer and Secretary

L Q Corporation, Inc.

888 Seventh Avenue, 17th Floor
New York, New York 10019
(212) 974-5730

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS To Be Held July 26, 2007

Dear Stockholders of L Q Corporation, Inc.:

You are cordially invited to a special meeting of stockholders of L Q Corporation, Inc. at the offices of Kramer Levin Naftalis & Frankel, LLP on July 26, 2007, at 10:00 a.m. local time. Only stockholders who hold shares of L Q Corporation common stock at the close of business on June 19, 2007, the record date for the special meeting, are entitled to vote at the special meeting and any adjournments or postponements of the special meeting.

At the special meeting, you will be asked to consider and vote upon the following proposals:

1. To adopt the Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, Inc., LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation, and to approve the transactions contemplated by the amended and restated merger agreement, including the merger of LQ Merger Corp. with and into L Q Corporation; and
2. To consider and take action on any other business that may properly be brought before the special meeting or any properly reconvened meeting following an adjournment or postponement of the special meeting.

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This proposal is described more fully in this joint proxy statement/prospectus. Please give your careful attention to all of the information in this joint proxy statement/prospectus.

The L Q Corporation board of directors unanimously recommends that L Q Corporation stockholders vote FOR the adoption of the amended and restated merger agreement.

This joint proxy statement/prospectus contains detailed information about L Q Corporation, Dynabazaar and the proposed merger. We urge you to read this joint proxy statement/prospectus carefully and in its entirety. In particular, see the section entitled Risk Factors beginning on page 16 of this joint proxy statement/prospectus for a discussion of the risks related to the merger and owning Dynabazaar common stock. For specific instructions on how to vote your shares, please refer to the section of this joint proxy statement/ prospectus entitled The Special Meeting of L Q Corporation Stockholders beginning on page 46.

Whether or not you plan to attend the special meeting, please vote as soon as possible so that your shares are represented at the meeting. If you do not vote, it will have the same effect as a vote against the proposal to adopt the amended and restated merger agreement and make it more difficult for L Q Corporation to achieve a quorum at the special meeting.

New York, New York
June 21, 2007

By Order of the Board of Directors,

/s/ Melvyn Brunt

Melvyn Brunt
Chief Financial Officer and Secretary

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETINGS OF DYNABAZAAR AND L Q CORPORATION

The following are some questions that you, as a stockholder of either Dynabazaar or L Q Corporation, may have regarding the merger and the special meetings of Dynabazaar and L Q Corporation stockholders and brief answers to such questions. Dynabazaar and L Q Corporation urge you to read carefully the entirety of this joint proxy statement/prospectus because the information in this section does not provide all the information that may be important to you with respect to the adoption of the amended and restated merger agreement or the issuance of Dynabazaar common stock in connection with the merger. Additional information is also contained in the annexes to, and the documents incorporated by reference in, this joint proxy statement/prospectus.

GENERAL QUESTIONS AND ANSWERS

Q: Why am I receiving this joint proxy statement/prospectus?

A: Dynabazaar and L Q Corporation have agreed to a combination of the two companies under the terms of an Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation, which amended and restated the Agreement and Plan of Merger entered into as of January 5, 2007 by the same parties. We refer to the Amended and Restated Agreement and Plan of Merger as the amended and restated merger agreement in this joint proxy statement/prospectus. Please see "Agreements Related to the Merger" The Amended and Restated Merger Agreement beginning on page 81 of this joint proxy statement/prospectus for a description of the material terms of the amended and restated merger agreement. A copy of the Amended and Restated Agreement and Plan of Merger is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, L Q Corporation stockholders must adopt the amended and restated merger agreement and all other conditions to the consummation of the merger must be satisfied or waived. In addition, Dynabazaar stockholders must adopt the amended and restated merger agreement and all other conditions to the consummation of the merger must be satisfied or waived. The consummation of the merger is not dependent upon the approval of the amendment to Dynabazaar's certificate of incorporation to change the corporation's name or declassify its board of directors. Dynabazaar and L Q Corporation will hold special meetings of their respective stockholders to obtain these approvals.

This joint proxy statement/prospectus contains important information about both Dynabazaar and L Q Corporation and the merger, the amended and restated merger agreement and the special meetings of the stockholders of Dynabazaar and L Q Corporation, and you should read this joint proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed voting materials allow you to vote your Dynabazaar shares or L Q Corporation shares without attending your respective company's special meeting. For more specific information on how to vote, please see the questions and answers below and the sections entitled "The Special Meeting of Dynabazaar Stockholders How You Can Vote" and "The Special Meeting of L Q Corporation Stockholders How You Can Vote" beginning on pages 42 and 47, respectively, of this joint proxy statement/prospectus.

Q: What will happen in the merger?

A: Pursuant to the terms of the amended and restated merger agreement, LQ Merger Corp., a wholly-owned subsidiary of Dynabazaar, will merge with and into L Q Corporation, and L Q Corporation will survive and continue as a wholly-owned subsidiary of Dynabazaar. L Q Corporation stockholders will receive 3.68 shares of Dynabazaar common stock for each share of L Q Corporation common stock they own as of the effective time of the merger. In lieu of any fractional share resulting from the exchange, each L Q Corporation stockholder will also be entitled to receive an amount of cash equal to the value of the

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fractional share remaining after aggregating all such stockholder's shares of L Q Corporation common stock. Dynabazaar stockholders will continue to hold the Dynabazaar shares they currently own.

Q: What stockholder approvals are required to complete the merger?

A: The affirmative vote of a majority of the outstanding shares of L Q Corporation common stock entitled to vote at the special meeting must vote FOR the adoption of the amended and restated merger agreement. The affirmative vote of a majority of the outstanding shares of Dynabazaar common stock entitled to vote at the special meeting must vote FOR the adoption of the amended and restated merger agreement and FOR the amendment to Dynabazaar's certificate of incorporation to change the corporation's name. The affirmative vote of not less than 75% of the outstanding shares of Dynabazaar common stock entitled to vote at the special meeting must vote FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors. The consummation of the merger is not dependent upon the approval of the amendment to Dynabazaar's certificate of incorporation to change the corporation's name or declassify its board of directors.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger by the end of July 2007. However, it is possible that factors outside of our control could require us to complete the merger at a later time or not complete it at all. We expect to complete the merger as soon as reasonably practicable.

Q: Where can I find more information about Dynabazaar and L Q Corporation?

A: You can find more information about Dynabazaar and L Q Corporation from reading this joint proxy statement/prospectus and the various sources described in this joint proxy statement/prospectus under the section entitled "Where You Can Find More Information" beginning on page 156 of this joint proxy statement/prospectus.

Q: What percentage of Dynabazaar capital stock will former stockholders of L Q Corporation common stock own after the merger?

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A: Following the merger, the former stockholders of L Q Corporation will own approximately 34% of the shares of outstanding capital stock of Dynabazaar on a fully diluted basis. The foregoing calculation is based on 23,691,756 shares of Dynabazaar common stock outstanding as of June 19, 2007 and 3,214,408 shares of L Q Corporation common stock outstanding as of June 19, 2007, including the effect of outstanding options and any other stock-based awards to purchase Dynabazaar or L Q Corporation common stock.

Q: What do I need to do now?

A: After you carefully read this joint proxy statement/prospectus, mail your signed proxy card in the enclosed return envelope. In order to assure that your vote is recorded, please vote your proxy as soon as possible even if you currently plan to attend your meeting in person. If you own your shares in street name through a broker or bank, you must instruct your bank or broker how to vote your shares using the enclosed voting instruction card.

Q: Why is my vote important?

A: If you do not return your proxy card or vote in person at your special meeting, it will be more difficult for Dynabazaar and L Q Corporation to obtain the necessary quorum to transact business at their special meetings. In addition, your failure to vote will have the same effect as a vote against the adoption of the amended and restated merger agreement, and in the case of Dynabazaar stockholders, your failure to vote will have the same effect as a vote against the amendment to Dynabazaar's certificate of incorporation to

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change the corporate name and against the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors.

Q: What risks should I consider in deciding whether to vote in favor of the issuance of Dynabazaar common stock in connection with the merger or the adoption of the amended and restated merger agreement?

A: You should carefully review the section of this joint proxy statement/prospectus entitled Risk Factors beginning on page 16, which presents risks and uncertainties relating to the merger and the businesses of each of Dynabazaar and L Q Corporation.

Q: How do I instruct my broker or bank to vote in connection with the adoption of the amended and restated merger agreement or the issuance of Dynabazaar common stock in connection with the merger?

A: If your shares are held by a broker, bank or other nominee, you must follow the instructions on the form you receive from your broker, bank or other nominee in order for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must request a legal proxy from the bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the special meeting to vote your shares. Based on the instructions provided by the broker, bank or other holder of record of their shares, street name stockholders may generally vote by mail, by methods listed on the voting instruction card or in person with a proxy from the record holder.

Q: If my shares are held in street name, will my broker vote my shares for me?

A: If you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them for, in the case of L Q Corporation stockholders, the adoption of the amended and restated merger agreement, and, in the case of Dynabazaar stockholders, the adoption of the amended and restated merger agreement, the adoption of the amendment to Dynabazaar's certificate of incorporation to change the corporate name and the adoption of the amendment to Dynabazaar's certificate of incorporation to declassify the board.

Q: If my shares are held in street name, what if I fail to instruct my broker or bank?

A: If you fail to instruct your broker or bank to vote your shares and the broker or bank submits an unvoted proxy, the resulting broker non-votes will be counted toward a quorum at the respective special meeting but they will not be voted and they will have the consequences set forth above under Why is my vote important?

Q: Can I change my vote after I have mailed my proxy card?

A: You can change your vote at any time before your proxy card is voted at your company's special meeting. You can do this in one of the following ways:

delivering a signed written notice to your company's Secretary before the meeting that you have revoked your proxy;

delivering a valid, later-dated proxy by mail; or

voting by ballot at either the Dynabazaar special meeting or the L Q Corporation special meeting, as applicable. Your attendance at either of the special meetings alone will not revoke your proxy.

If you have instructed a broker or bank to vote your shares by executing a voting instruction card, you must follow directions from your broker or bank to change those instructions.

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Q: Should I send in my stock certificates now?

A: No. If Dynabazaar and L Q Corporation stockholders approve the adoption of the amended and restated merger agreement, after the merger is completed, Dynabazaar will send L Q Corporation stockholders written instructions for exchanging their stock certificates. Dynabazaar stockholders will keep their existing stock certificates.

Q: Am I entitled to appraisal rights?

A: Under Delaware law, L Q Corporation stockholders will be entitled to appraisal rights in the merger. This means that you are entitled to have the value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation, together with a fair rate of interest, if any, as determined by the court.

Generally, to exercise your appraisal rights, you must deliver a written demand for appraisal to L Q Corporation before the vote with respect to the amended and restated merger agreement is taken, you must not vote in favor of the approval and adoption of the amended and restated merger agreement and you must continuously hold your shares of L Q Corporation's common stock from the date you make your demand for appraisal through the effective date of the merger. Your failure to follow the procedures specified under Delaware law, as described in Section 262 of the General Corporation Law of the State of Delaware (the "DGCL"), will result in the loss of your appraisal rights. A copy of Section 262 of the DGCL is attached to this proxy statement as Annex C.

You can find more information about Dynabazaar and L Q Corporation from reading this joint proxy statement/prospectus and the various sources described in this joint proxy statement/prospectus under the section entitled "Where You Can Find More Information" beginning on page 156 of this joint proxy statement/prospectus. Stockholders are urged to read carefully this information prior to making any decision regarding the exercise of appraisal rights. Dynabazaar and L Q Corporation file current, quarterly and annual reports with the SEC on Forms 8-K, 10-Q, and 10-K. The SEC maintains a web site that contains reports, proxy and information statements, and other information regarding Dynabazaar and L Q Corporation that are filed electronically with the SEC at <http://www.sec.gov>. Copies of such material can be obtained from the public reference section of the SEC.

Dynabazaar stockholders are not entitled to appraisal rights in connection with the merger.

QUESTIONS AND ANSWERS FOR DYNABAZAAR STOCKHOLDERS

Q: When and where is the Dynabazaar special meeting?

A: The Dynabazaar special meeting will take place at the offices of Kramer Levin Naftalis & Frankel LLP, located at 1177 Avenue of the Americas, New York, New York 10036, on July 26, 2007, at 2:00 p.m. local time. Check-in will begin at 1:30 p.m. Please allow ample time for check-in procedures.

Q: Can I attend the Dynabazaar special meeting? (See page 42)

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- A: Yes, if you were a Dynabazaar stockholder as of the close of business on June 19, 2007, the record date for the Dynabazaar special meeting, or you hold a valid proxy for the special meeting, you may attend the Dynabazaar special meeting. You should be prepared to present valid government-issued photo identification for admittance. In addition, if you are a record holder, your name will be verified against the list of record holders on the Dynabazaar record date prior to being admitted to the meeting. If you are not a record holder but hold shares through a broker, bank or other nominee (i.e., in street name), you will need to provide proof of beneficial ownership on the Dynabazaar record date, such as your most recent account statement prior to June 19, 2007, or other similar evidence of ownership. If you do not provide valid government-issued photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the special meeting.

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Q: How does the Dynabazaar board of directors recommend that I vote? (See page 41)

- A: After careful consideration, Dynabazaar's board of directors unanimously recommends that Dynabazaar stockholders vote FOR the adoption of the amended and restated merger agreement, FOR the amendment to Dynabazaar's certificate of incorporation to change the corporate name and FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors. For a description of the reasons underlying the recommendation of Dynabazaar's board of directors, see the section entitled The Merger Consideration of the Merger by the Dynabazaar Board of Directors beginning on page 81 of this joint proxy statement/prospectus.

Q: As a Dynabazaar stockholder, how can I vote? (See page 42)

- A: Registered stockholders as of the Dynabazaar record date may vote in person at the special meeting or by completing, signing and dating the enclosed proxy card and returning it in the prepaid envelope provided.

Stockholders who hold shares of Dynabazaar common stock in street name may vote by following the instructions provided by the broker, bank or other holder of record of their shares, including by one of the following methods:

complete, sign, date and return your voting instruction card in the enclosed pre-addressed envelope; or

in person at the special meeting with a legal proxy from your bank or brokerage firm. Please consult the voting instruction card sent to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the special meeting.

For a more detailed explanation of the voting procedures, please see the section entitled The Special Meeting of Dynabazaar Stockholders How You Can Vote beginning on page 42 of this joint proxy statement/prospectus.

Q: What happens if I do not indicate how to vote on my proxy card?

- A: If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote FOR the adoption of the amended and restated merger agreement, FOR the amendment to Dynabazaar's certificate of incorporation to change the corporate name and FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors.

Q: As a stockholder of Dynabazaar, am I entitled to appraisal rights?

- A: No. Dynabazaar stockholders are not entitled to appraisal rights in connection with the merger.

Q: Will I, as a Dynabazaar stockholder, receive any shares as a result of the merger?

- A: No. Dynabazaar stockholders will continue to hold the Dynabazaar shares they currently own.

Q: Who can I call if I have questions about the merger or require assistance voting my shares?

- A: If you are a Dynabazaar stockholder and would like additional copies of this joint proxy statement/prospectus, or if you have questions about the merger, including the procedures for voting your shares, you should contact our proxy solicitor, D.F. King, Inc. & Co., at 1-800-676-7437 or email our proxy solicitor at webmaster@dfking.com.

QUESTIONS AND ANSWERS FOR L Q CORPORATION STOCKHOLDERS

Q: As an L Q Corporation stockholder, what will I receive upon completion of the merger? (See page 81)

A: If the merger is completed, you will be entitled to receive 3.68 shares of Dynabazaar common stock for each share of L Q Corporation s common stock you own at the effective time of the merger. In lieu of any fractional share resulting from the exchange, each L Q Corporation stockholder will be entitled to receive an amount of cash equal to the value of the fractional share remaining after aggregating all such stockholder s shares of L Q Corporation common stock.

Q: What will happen to options to acquire L Q Corporation common stock? (See page 81)

A: Options to purchase shares of L Q Corporation common stock, whether or not vested, outstanding at the effective time of the merger will be assumed by Dynabazaar and will become exercisable for shares of Dynabazaar common stock and will continue to be subject to all the same terms and conditions as in effect prior to the merger. The number of shares of Dynabazaar common stock issuable upon the exercise of these options will be equal to the product of the number of shares of L Q Corporation common stock that were issuable upon exercise of such stock option immediately prior to the effective time multiplied by the exchange ratio, rounded to the nearest whole number of shares of Dynabazaar common stock. The exercise price per share of each assumed L Q Corporation option will be equal to the quotient determined by dividing the exercise price per share of L Q Corporation common stock at which such L Q Corporation stock option was exercisable immediately prior to the effective time by the exchange ratio, rounded to the nearest whole cent.

Q: When and where is the L Q Corporation special meeting? (See page 46)

A: The special meeting of L Q Corporation stockholders will begin promptly at the offices of Kramer Levin Naftalis & Frankel LLP, located at 1177 Avenue of the Americas, New York, New York 10036, on July 26, 2007, at 10:00 a.m. local time. Check-in will begin at 9:30 a.m. Please allow ample time for the check-in procedures.

Q: As an L Q Corporation stockholder, will I be able to trade the Dynabazaar common stock that I receive in connection with the merger? (See page 77)

A: The shares of Dynabazaar common stock issued in connection with the merger will be listed on the Over-The-Counter Bulletin Board. Dynabazaar shares currently trade under the symbol FAIM.OB . Certain persons who are deemed affiliates of L Q Corporation prior to the merger will be required to comply with Rule 145 promulgated under the Securities Act of 1933, as amended, which we refer to as the Securities Act, if they wish to sell or otherwise transfer any of the shares of Dynabazaar common stock received in connection with the merger.

Q: Can I attend the L Q Corporation special meeting? (See page 47)

A: Yes, if you were an L Q Corporation stockholder as of the close of business on June 19, 2007, the record date for the L Q Corporation special meeting, or you hold a valid proxy for the special meeting, you may attend the L Q Corporation special meeting. You should be prepared to present valid government-issued photo identification for admittance. In addition, if you are a record holder, your name will be verified against the list of record holders on the L Q Corporation record date prior to being admitted to the meeting. If you are not a record holder but hold shares through a broker, bank or other nominee (i.e., in street name), you should provide proof of beneficial ownership on the L Q Corporation record date, such as your most recent account statement prior to June 19, 2007, or other similar evidence of ownership. If you do not provide valid government-issued photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the special meeting.

Q: How does the L Q Corporation board of directors recommend that I vote? (See page 46)

A: After careful consideration, L Q Corporation s board of directors unanimously recommends that L Q Corporation stockholders vote FOR the proposal to adopt the amended and restated merger agreement. For a description of the reasons underlying the recommendation of L

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LQ Corporation's board of directors, see the section entitled "The Merger - Consideration of the Merger by the LQ Corporation Board of Directors" beginning on page 81 of this joint proxy statement/prospectus.

Q: What is the vote of LQ Corporation stockholders required to adopt the amended and restated merger agreement? (See page 48)

A: The affirmative vote of a majority of the outstanding shares of LQ Corporation common stock entitled to vote at the special meeting is required to adopt the amended and restated merger agreement.

Q: As an LQ Corporation stockholder, how can I vote? (See page 47)

A: Registered stockholders as of the LQ Corporation record date may vote in person at the special meeting or by completing, signing and dating the enclosed proxy card and returning it in the prepaid envelope provided.

Stockholders who hold shares of LQ Corporation common stock in street name may vote by following the instructions provided by the broker, bank or other holder of record of their shares, including by one of the following methods:

- complete, sign, date and return your voting instruction card in the enclosed pre-addressed envelope; or
- in person at the special meeting with a legal proxy from your bank or brokerage firm. Please consult the voting instruction card sent to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the special meeting.

For a more detailed explanation of the voting procedures, please see the section entitled "The Special Meeting of LQ Corporation Stockholders - How You Can Vote" beginning on page 47 of this joint proxy statement/prospectus.

Q: What happens if I do not indicate how to vote on my proxy card?

A: If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote FOR the proposal to adopt the amended and restated merger agreement.

Q: As a stockholder of LQ Corporation, am I entitled to appraisal rights? (See page 77)

A: Under Delaware law, LQ Corporation stockholders will be entitled to appraisal rights in the merger. This means that you are entitled to have the value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation, together with a fair rate of interest, if any, as determined by the court.

Generally, to exercise your appraisal rights, you must deliver a written demand for appraisal to LQ Corporation before the vote with respect to the amended and restated merger agreement is taken, you must not vote in favor of the approval and adoption of the amended and restated merger agreement and you must continuously hold your shares of LQ Corporation's common stock from the date you make your demand for appraisal through the effective date of the merger. Your failure to follow the procedures specified under Delaware law, as described in Section 262 of the DGCL, will result in the loss of your appraisal rights. A copy of Section 262 of the DGCL is attached to this proxy statement as Annex C.

You can find more information about Dynabazaar and LQ Corporation from reading this joint proxy statement/prospectus and the various sources described in this joint proxy statement/prospectus under the section entitled "Where You Can Find More Information" beginning on page 156 of this joint proxy statement/prospectus. Stockholders are urged to read carefully this information contained prior to making any decision regarding the exercise of appraisal rights. Dynabazaar and LQ Corporation file current, quarterly and annual reports with the SEC on Forms 8-K, 10-Q, and 10-K. The SEC maintains a web site that contains reports, proxy and information statements, and other information regarding Dynabazaar and LQ Corporation that are filed electronically with the SEC at <http://www.sec.gov>. Copies of such material can be obtained from the public reference section of the SEC.

Q: What are the material federal income tax consequences of the merger to me? (See page 78)

A: The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Provided the merger qualifies as a reorganization, LQ Corporation stockholders generally will not

recognize gain or loss for United States federal income tax purposes upon the exchange of shares of L Q Corporation common stock for shares of Dynabazaar common stock, except with respect to cash received in lieu of any fractional shares of Dynabazaar common stock resulting from the exchange. See the section entitled "The Merger - Material United States Federal Income Tax Consequences of the Merger" beginning on page 78.

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's individual circumstances. Accordingly, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

Q: Who can I call if I have questions about the merger or require assistance voting my shares?

A: If you are a L Q Corporation stockholder and would like additional copies of this joint proxy statement/prospectus, or if you have questions about the merger, including the procedures for voting your shares, you should contact our proxy solicitor, D.F. King, Inc. & Co., at 1-800-676-7437 or email our proxy solicitor at webmaster@dfking.com.

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SUMMARY OF THE MERGER

The following is a summary of the information contained in this document relating to the merger of Dynabazaar, Inc. and L Q Corporation, Inc. This summary may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents to which we refer. In particular, you should read the annexes attached to this joint proxy statement/prospectus, including the Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation, which are incorporated by reference into this joint proxy statement/prospectus. In addition, Dynabazaar and L Q Corporation incorporate by reference into this joint proxy statement/prospectus important business and financial information about Dynabazaar and L Q Corporation. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 156.

The Companies

Dynabazaar, Inc.

888 Seventh Avenue, 17th Floor
New York, New York 10019
Telephone: (212) 974-5730

Dynabazaar markets video and imaging products to the security market through its subsidiary, Costar Video Systems, LLC (Costar). Costar's product line includes cameras, monitors, camera housings, power supplies, multiplexers, high speed domes, controllers, and analog and digital video recorders.

L Q Corporation, Inc.

888 Seventh Avenue, 17th Floor
New York, New York 10019
Telephone: (212) 974-5730

L Q Corporation markets physical security and critical strategic security solutions through its two subsidiaries, Sielox, LLC (Sielox) and SES Resources International, Inc. Sielox' product offerings include the Pinnacle access control software solution, proximity cards and devices, readers and 32-bit controllers designed for professional physical security applications.

LQ Merger Corp.

888 Seventh Avenue, 17th Floor
New York, New York 10019
Telephone: (212) 974-5730

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LQ Merger Corp. is a direct, wholly-owned subsidiary of Dynabazaar that was incorporated in Delaware in December 2006. LQ Merger Corp. does not engage in any operations and exists solely to facilitate the merger.

Structure of the Merger (See page 81)

Under the terms of the proposed merger, LQ Merger Corp., a direct, wholly-owned subsidiary of Dynabazaar formed for the purpose of the merger, will be merged with and into L Q Corporation. As a result, L Q Corporation will continue as the surviving corporation and will become a wholly-owned subsidiary of Dynabazaar upon completion of the merger. Accordingly, L Q Corporation shares will no longer be publicly traded, and holders of L Q Corporation common stock will become holders of Dynabazaar common stock.

The Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, LQ Merger Corp. and L Q Corporation is attached as Annex A to this joint proxy statement/prospectus.

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Consideration in the Merger (See page 81)

L Q Corporation stockholders will be entitled to receive, upon the effectiveness of the merger, 3.68 shares of Dynabazaar common stock for each share of L Q Corporation common stock owned by such stockholder at the effective time of the merger. In lieu of any fractional share resulting from the exchange, each L Q Corporation stockholder will be entitled to receive an amount of cash equal to the value of the fractional share remaining after aggregating all such stockholder's shares of L Q Corporation common stock.

Treatment of L Q Corporation Options (See page 81)

Options to purchase shares of L Q Corporation common stock, whether or not vested, outstanding at the effective time of the merger will be assumed by Dynabazaar and will become exercisable, subject to vesting, for shares of Dynabazaar common stock and will continue to be subject to all the same terms and conditions as in effect prior to the merger. The number of shares of Dynabazaar common stock issuable upon the exercise of these options will be equal to the product of the number of shares of L Q Corporation common stock that were issuable upon exercise of such stock option immediately prior to the effective time multiplied by the exchange ratio, rounded to the nearest whole number of shares of Dynabazaar common stock. The exercise price per share of each assumed L Q Corporation option will be equal to the quotient determined by dividing the exercise price per share of L Q Corporation common stock at which such L Q Corporation stock option was exercisable immediately prior to the effective time by the exchange ratio, rounded to the nearest whole cent.

Treatment of Rights Under the L Q Corporation Stock Purchase Plan (See page 82)

Prior to the effective time of the merger, the L Q Corporation employee stock purchase plan will be terminated. No L Q Corporation employees are currently participating in such plan.

Recommendation of Board of Directors to Stockholders (See pages 41 and 46)

To Dynabazaar Stockholders. The Dynabazaar board of directors has unanimously determined that the merger and the adoption of the amended and restated merger agreement are advisable to, and in the best interests of, Dynabazaar and its stockholders. Additionally, the Dynabazaar board of directors has unanimously determined that the amendments to the Dynabazaar certificate of incorporation to change the corporate name and declassify the board of directors are advisable to, and in the best interests of, Dynabazaar and its stockholders. The Dynabazaar board of directors unanimously recommends that Dynabazaar stockholders vote **FOR** the adoption of the amended and restated merger agreement, **FOR** the amendment to Dynabazaar's certificate of incorporation to change the corporate name and **FOR** the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors.

To L Q Corporation Stockholders. The L Q Corporation board of directors has unanimously determined that the merger and the adoption of the amended and restated merger agreement are advisable and fair to, and in the best interests of, L Q Corporation and its stockholders. The L Q Corporation board of directors unanimously recommends that the holders of L Q Corporation common stock vote **FOR** the proposal to adopt the amended and restated merger agreement.

Risk Factors (See page 16)

The Risk Factors beginning on page 16 of this joint proxy statement/prospectus should be considered carefully in evaluating whether to adopt the amended and restated merger agreement. These risk factors should be considered along with the additional risk factors contained in the periodic reports of Dynabazaar and L Q Corporation filed with the SEC and the other information included in this joint proxy statement/prospectus.

Opinions of Financial Advisors (See pages 62 and 71)

Opinion of Dynabazaar's Financial Advisor. Susquehanna Financial Group, LLLP, or Susquehanna, delivered its opinion to Dynabazaar's board of directors and its special committee that, as of February 13, 2007, and

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based on and subject to the assumptions, qualifications and limitations set forth therein, the exchange ratio pursuant to the amended and restated merger agreement was fair from a financial point of view to Dynabazaar and the holders of Dynabazaar common stock.

The full text of the written opinion of Susquehanna, dated February 13, 2007, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Susquehanna in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex D. The Susquehanna opinion is not a recommendation as to how any holder of Dynabazaar common stock should vote with respect to the issuance of shares of Dynabazaar common stock in connection with the merger. **Dynabazaar urges its stockholders to read the entire opinion carefully.**

Opinion of L Q Corporation's Financial Advisor. Rodman & Renshaw, LLC, or Rodman & Renshaw, delivered its opinion to L Q Corporation's board of directors and its special committee that, as of February 13, 2007, and based on and subject to the assumptions, qualifications and limitations set forth therein, the exchange ratio pursuant to the amended and restated merger agreement was fair to the holders of L Q Corporation common stock from a financial point of view.

The full text of the written opinion of Rodman & Renshaw, dated February 13, 2007, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Rodman & Renshaw in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex E. The Rodman & Renshaw opinion is not a recommendation as to how any holder of L Q Corporation common stock should vote with respect to the issuance of shares of L Q Corporation common stock in connection with the merger. **L Q Corporation urges its stockholders to read the entire opinion carefully.**

Vote Required by Dynabazaar and L Q Corporation Stockholders (See pages 43 and 48)

The affirmative vote of a majority of the outstanding shares of Dynabazaar common stock entitled to vote at the special meeting is required to adopt the amended and restated merger agreement and the amendment to Dynabazaar's certificate of incorporation to change the corporation's name. The affirmative vote of not less than 75% of the outstanding shares of Dynabazaar common stock entitled to vote at the special meeting is required to adopt the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors. As of the record date for the Dynabazaar special meeting, Dynabazaar's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote approximately 2,967,775 shares of Dynabazaar common stock, or approximately 12.53% of the outstanding shares of Dynabazaar common stock.

Certain of Dynabazaar's directors and executive officers are employed by, or otherwise affiliated with, Barington Capital Group, L.P., an investment firm (Barington). Furthermore, Barington and certain of its affiliates collectively owned approximately 11.03% of the outstanding common stock of Dynabazaar as of June 19, 2007. Pursuant to a letter agreement dated February 26, 2007, Barington has agreed to vote, and to cause its affiliates to vote, all of the shares of Dynabazaar common stock now owned or hereafter acquired by Barington and its affiliates in favor of the transaction, in proportion to the votes of the other stockholders of Dynabazaar. For additional information on Dynabazaar's relationship with Barington, see the section entitled Information About Dynabazaar, Inc. Certain Relationships and Related Transactions, and Director Independence beginning on page 111 of this joint proxy statement/prospectus.

The affirmative vote of a majority of the outstanding shares of L Q Corporation common stock entitled to vote at the special meeting is required to adopt the amended and restated merger agreement. As of the record date for the L Q Corporation special meeting, L Q Corporation's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote approximately 108,391 shares of L Q Corporation common stock, or approximately 3.37% of the total outstanding shares of L Q Corporation common stock.

Certain of L Q Corporation's directors and executive officers are employed by, or otherwise affiliated with, Barington. Furthermore, Barington and certain of its affiliates collectively owned approximately 15.69% of the outstanding common stock of LQ as of June 19, 2007. Pursuant to a letter agreement dated February 26, 2007,

Barington has agreed to vote, and to cause its affiliates to vote, all of the shares of L Q Corporation common stock now owned or hereafter acquired by Barington and its affiliates in favor of the transaction, in proportion to the votes of the other stockholders of L Q Corporation. For additional information on L Q Corporation's relationship with Barington, see the section entitled "Information About L Q Corporation, Inc. Certain Relationships and Related Transactions, and Director Independence" beginning on page 136 of this joint proxy statement/prospectus.

Interests of L Q Corporation's Directors and Executive Officers in the Merger (See page 77)

When considering the recommendation by the L Q Corporation board of directors, you should be aware that a number of L Q Corporation's executive officers and directors have interests in the merger that are different from those of other L Q Corporation stockholders.

These interests include:

- with respect to the executive officers of L Q Corporation, accelerated vesting of certain stock awards under L Q Corporation's equity plan;
- the continued indemnification of current directors and officers of L Q Corporation under the amended and restated merger agreement and the continuation of directors' and officers' liability insurance after the merger; and
- the retention of some of the officers and directors of L Q Corporation as officers, employees or directors of Dynabazaar or its subsidiaries.

Dynabazaar will List Shares of Dynabazaar Common Stock Issued to L Q Corporation Stockholders on the Over-The-Counter Bulletin Board (See page 77)

Dynabazaar will use commercially reasonable efforts to cause the shares of Dynabazaar common stock to be issued to L Q Corporation stockholders in connection with the merger to be authorized for listing on the Over-The-Counter Bulletin Board, subject to official notice of issuance. As a condition to L Q Corporation's obligations to effect the merger, the Dynabazaar common stock to be delivered in connection with the merger will have been authorized for listing on the Over-The-Counter-Bulletin Board.

L Q Corporation will Delist and Deregister its Shares of Common Stock (See page 77)

If the merger is completed, L Q Corporation common stock will be delisted from the Over-The-Counter Bulletin Board and deregistered under the Securities Exchange Act of 1934, or the Exchange Act, and L Q Corporation will no longer be required to file periodic reports with the SEC with respect to shares of its common stock.

Restrictions on the Ability to Sell Dynabazaar Common Stock (See page 77)

All shares of Dynabazaar common stock to be received by L Q Corporation stockholders in connection with the merger will be freely transferable unless the holder is an affiliate of L Q Corporation prior to the merger or an affiliate of Dynabazaar after the merger.

Appraisal Rights (See page 78)

Under Delaware law, holders of L Q Corporation common stock are entitled to appraisal rights in connection with the merger. Holders of Dynabazaar common stock are not entitled to appraisal rights in connection with the merger. See "The Merger" Appraisal Rights" on page 78.

Accounting Treatment of the Merger (See page 78)

The merger will be accounted for as a purchase transaction for Dynabazaar, as the acquiror, for financial reporting and accounting purposes under U.S. generally accepted accounting principles.

United States Federal Income Tax Consequences of the Merger (See page 78)

The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Provided the merger qualifies as a reorganization, L Q Corporation stockholders generally will not recognize gain or loss for United States federal income tax purposes upon the exchange of shares of L Q Corporation common stock for shares of Dynabazaar common stock, except with respect to cash received in lieu of any fractional shares of Dynabazaar common stock resulting from the exchange.

Tax matters can be complicated, and the tax consequences of the merger to you will depend on the facts of your own situation. You should consult your own tax advisors to fully understand the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

Conditions to Completion of the Merger (See page 86)

The respective obligations of Dynabazaar and L Q Corporation to consummate the merger are subject to the satisfaction or waiver of a number of customary conditions, including:

- the amended and restated merger agreement shall have been adopted by the stockholders of L Q Corporation and Dynabazaar;
- no statute, rule regulation, order or judicial decision shall have been enacted which makes the consummation of the merger illegal;
- the SEC shall have declared Dynabazaar's registration statement, of which this joint proxy statement/prospectus is a part, effective;
- no change in any applicable law, rule or regulation that prevents the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- the shares of Dynabazaar common stock to be issued pursuant to the merger shall have been authorized for listing on the Over-The-Counter Bulletin Board, subject to official notice of issuance;
- no more than 10% of L Q Corporation stockholders shall have exercised dissenters' rights in accordance with the DGCL;
- no action or proceeding by any governmental entity of competent jurisdiction or before any governmental entity or court of competent jurisdiction, United States or non-United States, shall have been instituted, pending or threatened that is reasonably likely to result in, nor shall there be in effect, any judgment, decree or order of any governmental entity or court of competent jurisdiction or any other legal restraint (i) preventing consummation of the merger, (ii) prohibiting or limiting Dynabazaar from exercising all material rights and privileges pertaining to its ownership of LQ Merger Corp. or the ownership or operation by Dynabazaar or any of its subsidiaries of all or a material portion of the business or assets of the LQ Merger Corp. and its subsidiaries, or (iii) compelling Dynabazaar or any of its subsidiaries (including LQ Merger Corp. and its subsidiaries) to dispose of or hold separate assets which are, or impose any liability which is, material to Dynabazaar or L Q Corporation, or material as compared against the aggregate merger consideration;
- all material consents, waivers, approvals, authorizations or orders required to be obtained, and all filings required to be made, by each of Dynabazaar and L Q Corporation for the authorization,

execution and delivery of the amended and restated merger agreement and the consummation of the transactions contemplated thereby shall have been obtained and made by each of Dynabazaar and L Q Corporation, except where the failure to receive such consents, waivers, approvals, authorizations or orders or to make such filings would not have, in each case or in the aggregate a material adverse effect on the respective party;

each of Dynabazaar and L Q Corporation shall have performed or complied in all material respects with all agreements and covenants required by the amended and restated merger agreement to be performed or complied with by such party on or prior to the effective time of the merger; and

each of Dynabazaar's and L Q Corporation's representations and warranties in the amended and restated merger agreement shall be true and correct, except for such failures to be true and correct as would not have, in each case or in the aggregate, a material adverse effect on the respective party.

Prohibition from Soliciting Other Offers (See page 87)

Dynabazaar and L Q Corporation have each agreed that it will not:

solicit, facilitate or encourage (including by way of furnishing information) or engage in negotiation with respect to any acquisition proposals by third parties;

approve or recommend, or propose publicly to approve or recommend, any acquisition proposals from third parties; or

approve or recommend, or propose to approve or recommend, or enter into, any agreement (whether or not purportedly legally binding) related to any acquisition proposals from third parties.

Dynabazaar and L Q Corporation must promptly (but in no event later than 24 hours) notify the other party by oral and written notice if it receives any other acquisition proposals, or any modification of or amendment to such acquisition proposals, or any requests for nonpublic information or for access to the properties, books, or records from any third party that informs Dynabazaar or L Q Corporation that the third party is considering making, or has made an acquisition proposal. The party providing the notification must also provide the identity of the third party making, or intending to make, the acquisition proposal or requesting non-public information or access to the books and records of such party and the terms of any acquisition proposal or modification or amendment thereto. Each party shall keep the other fully informed, on a current basis, of any material changes in the status and any material changes or modifications in the material terms of any acquisition proposal, indication or request. Except as described below, neither L Q Corporation nor Dynabazaar nor their respective boards of directors may withdraw or modify, or publicly propose to withdraw or modify, in a manner adverse to the other party, the approval by such board of directors of the amended and restated merger agreement or the recommendation of such board of directors that such party's stockholders adopt the amended and restated merger agreement (and, in the case of Dynabazaar, approve the amendments to its certificate of incorporation to change the corporate name and declassify its board of directors). Neither L Q Corporation nor Dynabazaar nor their respective boards of directors shall enter into any agreement with respect to, or otherwise approve or recommend, or propose to approve or recommend, any acquisition proposal or alternative transaction.

Notwithstanding the foregoing, if Dynabazaar or L Q Corporation, as the case may be, receives an unsolicited written proposal that contains financial terms that are superior to the terms of the amended and restated merger agreement and such party's board determines in its reasonable judgment that the proposal is reasonably likely to lead to a superior offer (as defined in the amended and restated merger agreement), that, upon consultation with outside advisors, the proposal constitutes a superior offer and that failure to withdraw or modify its recommendation that its stockholders adopt the amended and restated merger agreement would be reasonably likely to constitute a breach of its fiduciary obligations under applicable law, then such party's board may withhold, withdraw, amend or modify its recommendation in favor of the adoption of the amended and restated merger agreement, or approve or recommend the superior offer only if such party's board of directors complies with certain notice requirements and other conditions, including a requirement that such party negotiate with the other party in

good faith and the other party does not, within ten business days of its receipt of notice of the superior offer, make an offer that the board of directors of the party that received the offer determines to be at least as favorable to such party's stockholders as the superior offer.

Termination of the Amended and Restated Merger Agreement (See page 89)

The amended and restated merger agreement may be terminated under certain circumstances in accordance with its terms at any time prior to completion of the merger, whether before or after adoption of the amended and restated merger agreement by L Q Corporation stockholders or Dynabazaar's stockholders.

Payment of Termination Fee (See page 90)

Under certain circumstances, Dynabazaar or L Q Corporation, as the case may be, must pay a \$200,000 termination fee to the other party and also pay certain other expenses in an aggregate amount not to exceed \$350,000, under the terms of the amended and restated merger agreement as set forth in The Merger The Amended and Restated Merger Agreement Payment of Termination Fee beginning on page 90.

On June 19, 2007, Dynabazaar, L Q Corporation and LQ Merger Corp. entered into an amendment to the amended and restated merger agreement which, among other things, extended the deadlines of certain termination provisions.

RISK FACTORS

If the merger is completed, Dynabazaar and L Q Corporation will operate as a combined company in a market environment that is difficult to predict and that involves significant risks, many of which will be beyond the combined company's control. In addition to information regarding Dynabazaar and L Q Corporation contained in, or incorporated by reference into, this joint proxy statement/prospectus, you should carefully consider the risks described below before voting your shares. Additional risks and uncertainties not presently known to us or that we do not currently believe are important to an investor, if they materialize, also may adversely affect the merger, Dynabazaar, L Q Corporation and the combined businesses. A discussion of additional risks and uncertainties regarding Dynabazaar and L Q Corporation can be found in the information which is incorporated by reference in this joint proxy statement/prospectus and referred to in the section entitled "Where You Can Find More Information" beginning on page 156 of this joint proxy statement/prospectus. If any of the events, contingencies, circumstances or conditions described in the following risks actually occur, our respective businesses, financial condition or our results of operations could be seriously harmed. If that happens, the trading price of Dynabazaar common stock or L Q Corporation common stock could decline and you may lose part or all of the value of any Dynabazaar shares or L Q Corporation shares held by you.

Risks Related to the Merger and the Combined Businesses

The failure to successfully integrate L Q Corporation's business and operations in the expected time frame may adversely affect the combined businesses' future results.

Dynabazaar believes that the merger with L Q Corporation will result in certain benefits, including certain cost synergies and operational efficiencies. However, Dynabazaar's ability to realize these anticipated benefits depends on successfully combining the businesses of Dynabazaar and L Q Corporation. The combined businesses may fail to realize the anticipated benefits of the merger for a variety of reasons, including the following:

revenue attrition in excess of anticipated levels;

Dynabazaar's inability to conduct extensive integration planning with L Q Corporation prior to the completion of the merger;

failure of customers to accept new products or to continue as customers of the combined businesses;

failure to successfully manage relationships with original equipment manufacturers, or OEMs, end-users, distributors and suppliers;

failure to qualify the combined businesses' products with OEM customers on a timely basis or at all;

failure to successfully develop interoperability between the products of Dynabazaar and L Q Corporation;

failure to leverage the increased scale of the combined businesses quickly and effectively;

potential difficulties integrating and harmonizing financial reporting systems;

the loss of key employees;

failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined businesses; and

failure to combine product offerings and product lines quickly and effectively.

The actual integration may result in additional and unforeseen expenses or delays. If Dynabazaar is not able to successfully integrate L Q Corporation's business and operations, or if there are delays in combining the businesses, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

Because the market price of Dynabazaar common stock will fluctuate, Dynabazaar common stock may not maintain its current value and the value of the Dynabazaar common stock issued in connection with the merger will not be known until the closing of the merger.

Upon the completion of the merger, each share of L Q Corporation common stock outstanding immediately prior to the merger will be converted into the right to receive 3.68 shares of Dynabazaar's common stock. Because the exchange ratio for Dynabazaar common shares to be issued in the merger has been fixed, the value of the merger consideration will depend upon the market price of Dynabazaar common stock. The value of Dynabazaar's common stock to be issued in the merger could be considerably higher or lower than they were at the time the merger consideration was negotiated. The share prices of Dynabazaar common stock and L Q Corporation common stock are subject to the general price fluctuations in the market for publicly-traded equity securities, and the prices of both companies' common stock have experienced significant volatility in the past. Dynabazaar and L Q Corporation urge you to obtain recent market quotations for Dynabazaar common stock and L Q Corporation common stock. Neither Dynabazaar nor L Q Corporation can predict or give any assurances as to the respective market prices of its common stock at any time before or after the completion of the merger. Neither Dynabazaar nor L Q Corporation is permitted to terminate the amended and restated merger agreement or resolicit the vote of their respective stockholders solely because of changes in the market prices of either company's stock. Stock price changes may result from a variety of factors, including changes in the respective business operations and prospects of Dynabazaar and L Q Corporation and changes in general market and economic conditions. Many of these factors are beyond the control of Dynabazaar or L Q Corporation.

The market price at the effective time of the merger may vary from the closing price of Dynabazaar common stock on the date the merger was announced, on the date that this joint proxy statement/prospectus is mailed to L Q Corporation and Dynabazaar stockholders and on the date of the L Q Corporation and Dynabazaar special stockholder meetings at which stockholders will be asked to vote on certain matters relating to the merger. Accordingly, at the time of the special stockholder meetings, stockholders will not know or be able to calculate the value of the merger consideration that would be issued upon completion of the merger. Further, the time period between the stockholder votes taken at the special meetings and the completion of the merger will depend on the satisfaction or waiver of conditions to closing, and there is currently no way to predict how long it will take to obtain these approvals or the changes that may occur in Dynabazaar's and L Q Corporation's respective businesses, operations and prospects or in the industry generally that may occur during this period.

General customer uncertainty related to the merger could harm Dynabazaar, L Q Corporation and the combined businesses.

Dynabazaar and L Q Corporation's customers may, in response to the announcement of the proposed merger, or due to concerns about the completion of the proposed merger, delay or defer purchasing decisions. Alternatively, customers may purchase a competitor's product because of such uncertainty. Further, customer concerns about changes or delays in Dynabazaar's, L Q Corporation's or the combined businesses' product roadmap may negatively affect customer purchasing decisions. Customers could also be reluctant to purchase the products and services of L Q Corporation or Dynabazaar due to uncertainty about the direction of their technology, products and services, and willingness to support and service existing products which may be discontinued. In addition, customers, OEMs, distributors, resellers, and others may also seek to change existing agreements with L Q Corporation or Dynabazaar as a result of the proposed merger. OEMs, resellers, distributors and other third parties of strategic importance may delay or refuse to certify, support or promote L Q Corporation's or Dynabazaar's technology, products and services due to uncertainty created by the proposed merger. If Dynabazaar or L Q Corporation's customers delay or defer purchasing decisions, or choose to purchase from a competitor, the revenues of Dynabazaar and L Q Corporation, respectively, and the revenues of the combined businesses, could materially decline or any anticipated increases in revenue could be lower than expected.

The integration of L Q Corporation into Dynabazaar may result in significant expenses and accounting charges that adversely affect Dynabazaar's operating results and financial condition.

In accordance with generally accepted accounting principles, Dynabazaar will account for the merger using the purchase method of accounting. The financial results of Dynabazaar may be adversely affected by the resulting accounting charges incurred in connection with the merger. Dynabazaar also expects to incur additional costs associated with combining the operations of Dynabazaar and L Q Corporation. Additional costs may include: costs of employee redeployment; relocation and retention, including salary increases or bonuses; accelerated amortization of deferred equity compensation and severance payments; reorganization or closure of facilities; taxes; advisor and professional fees and termination of contracts that provide redundant or conflicting services. Some of these costs may have to be accounted for as expenses that would decrease Dynabazaar's net income and earnings per share for the periods in which those adjustments are made. The price of Dynabazaar's common stock could decline to the extent Dynabazaar's financial results are materially affected by the foregoing charges and costs, or if the foregoing charges and costs are larger than anticipated. In addition, the charges and costs described above may not be reflected in the unaudited pro forma condensed combined financial statements contained in this joint proxy statement/prospectus and the unaudited pro forma condensed combined financial statements may not be indicative of the actual results of the combined businesses following the merger.

The announcement and pending merger could cause disruptions in the businesses of Dynabazaar and L Q Corporation, which could have an adverse effect on their respective business and financial results, and consequently on the combined businesses.

Dynabazaar and L Q Corporation have operated and, until the completion of the merger, will continue to operate, independently. Uncertainty about the effect of the merger on employees, customers, distributors and suppliers may have an adverse effect on Dynabazaar and L Q Corporation and consequently on the combined businesses. These uncertainties may impair Dynabazaar's and L Q Corporation's ability to retain and motivate key personnel and could cause customers, distributors, suppliers and others with whom each company deals to seek to change existing business relationships which may materially and adversely affect their respective businesses. Due to the limited termination rights agreed to by the parties in the amended and restated merger agreement, Dynabazaar and L Q Corporation may be obligated to consummate the merger in spite of the adverse effects resulting from the disruption of Dynabazaar's and L Q Corporation's ongoing businesses. Furthermore, this disruption could adversely affect the combined businesses' ability to maintain relationships with customers, distributors, suppliers and employees after the merger or to achieve the anticipated benefits of the merger. Each of these events could adversely affect Dynabazaar and L Q Corporation in the near term and the combined businesses if the merger is completed.

Failure to complete the merger could negatively impact the stock price and the future business and financial results of Dynabazaar and L Q Corporation.

Completion of the merger is subject to a number of closing conditions, including obtaining requisite stockholder approvals, and L Q Corporation and Dynabazaar may be unable to obtain such approvals on a timely basis or at all. If the merger is not completed, the price of L Q Corporation and Dynabazaar common stock may decline. If the merger is not completed, the ongoing business of Dynabazaar and L Q Corporation may be adversely affected and, without realizing any of the benefits of having completed the merger, Dynabazaar and L Q Corporation will be subject to a number of risks, including the following:

Dynabazaar or L Q Corporation may be required to pay a termination fee of \$200,000 if the merger is terminated under certain circumstances as described in the amended and restated merger agreement;

Dynabazaar and L Q Corporation will be required to pay certain costs relating to the merger, such as legal, accounting, financial advisor and printing fees whether or not the merger is completed; and

matters relating to the merger (including integration planning) may require substantial commitments of time and resources by Dynabazaar and L Q Corporation management, which could otherwise have been devoted to other opportunities that may have been beneficial to Dynabazaar and L Q Corporation, as the case may be.

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Dynabazaar and L Q Corporation could also be subject to litigation related to any failure to complete the transaction. If the merger is not completed, these risks may materialize and may adversely affect Dynabazaar's and L Q Corporation's business, financial results and stock price.

Integrating Dynabazaar and L Q Corporation may divert management's attention away from the combined businesses operations.

Successful integration of Dynabazaar's and L Q Corporation's operations, products and personnel may place a significant burden on the combined businesses' management and internal resources. Challenges of integration include the combined businesses' ability to incorporate acquired products and business technology into its existing product lines, including consolidating technology with duplicative functionality or designed on a different technological architecture and provide for interoperability, and its ability to sell the acquired products through Dynabazaar's existing or acquired sales channels. Dynabazaar may also experience difficulty in effectively integrating the different cultures and practices of L Q Corporation, as well as in assimilating L Q Corporation's broad and geographically dispersed personnel. Further, the difficulties of integrating L Q Corporation could disrupt the combined businesses' ongoing business, distract its management focus from other opportunities and challenges, and increase the combined businesses' expenses and working capital requirements. The diversion of management attention and any difficulties encountered in the transition and integration process could harm the combined businesses, including their business, financial condition and operating results.

L Q Corporation's and Dynabazaar's obligation to pay a termination fee under certain circumstances and the restrictions on its ability to solicit other acquisition proposals may discourage other companies from trying to acquire L Q Corporation or Dynabazaar.

Until the merger is completed or the amended and restated merger agreement is terminated, with limited exceptions, the amended and restated merger agreement prohibits L Q Corporation or Dynabazaar from entering into or soliciting any acquisition proposal or offer for a merger or other business combination with a party other than Dynabazaar or L Q Corporation, as the case may be. L Q Corporation and Dynabazaar have agreed to pay the other a termination fee of \$200,000 under specified circumstances. These provisions could discourage other companies from trying to acquire Dynabazaar at all or L Q Corporation for a higher price.

L Q Corporation must continue to retain and motivate executives and key employees and recruit new employees, which may be difficult in light of uncertainty regarding the merger, and failure to do so could seriously harm the combined businesses.

In order to be successful, during the period before the merger is completed, L Q Corporation must continue to retain and motivate executives and other key employees and recruit new employees. Experienced personnel in the security industry are in high demand and competition for their talents is intense. Employees of L Q Corporation may experience uncertainty about their future role with the combined businesses until or after strategies with regard to the combined businesses are announced or executed. These potential distractions of the merger may adversely affect L Q Corporation's ability to attract, motivate and retain executives and key employees and keep them focused on the strategies and goals of the combined businesses. Any failure by L Q Corporation to retain and motivate executives and key employees during the period prior to the completion of the merger could seriously harm its businesses, as well as the business of the combined company.

The market price of the shares of L Q Corporation common stock may be affected by factors different from or in addition to those affecting the shares of Dynabazaar common stock.

Upon completion of the merger, holders of L Q Corporation common stock will become holders of Dynabazaar common stock and will have different rights from the shares of L Q Corporation common stock. For a comparison of the different rights, see the section entitled Comparison of Stockholder Rights beginning on page 139 of this joint proxy statement/prospectus. In addition, an investment in Dynabazaar common stock has different risks than an investment in L Q Corporation common stock. Former holders of L Q Corporation common stock will be subject to risks associated with Dynabazaar upon exchange of their shares of L Q Corporation common stock for Dynabazaar common stock that are different from or in addition to the risks associated with L Q Corporation.

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Directors and officers of L Q Corporation have certain interests in the merger that are different from the interest of L Q Corporation stockholders in recommending that you vote in favor of the proposal to adopt the amended and restated merger agreement and approve the merger.

When considering the L Q Corporation board of directors' recommendation that the L Q Corporation stockholders vote in favor of the proposal to adopt the amended and restated merger agreement, L Q Corporation stockholders should be aware that directors and executive officers of L Q Corporation have interests in the merger that may be different from, or in addition to, the interests of L Q Corporation stockholders. These interests include:

- with respect to the executive officers of L Q Corporation, accelerated vesting of certain stock awards under L Q Corporation's equity plans;
- the continued indemnification of current directors and officers of L Q Corporation under the amended and restated merger agreement and the continuation of directors' and officers' liability insurance after the merger; and
- the retention of some of the officers and directors of L Q Corporation as officers, employees or directors of Dynabazaar or its subsidiaries.

These interests, among others, may influence L Q Corporation's directors in making their recommendation that you vote in favor of the proposal to adopt the amended and restated merger agreement. For a more detailed description of the interests of the directors and executive officers of L Q Corporation, please see the section entitled The Merger Interests of L Q Corporation Directors and Executive Officers in the Merger beginning on page 75 of this joint proxy statement/prospectus.

Risks Related to Dynabazaar

The loss of Dynabazaar's third-party contract manufacturers would adversely affect Dynabazaar's ability to manufacture and sell Dynabazaar's products.

Dynabazaar outsources production of its products to third-party contract manufacturers. Dynabazaar's manufacturers' ability to complete orders on-time while maintaining high product quality is important to Dynabazaar's operational success. The manufacturers' failure to live up to the production standards might cause brand equity damage and legal liability exposure. The loss of Dynabazaar's contract manufacturer could significantly impact Dynabazaar's ability to produce its products for an indefinite period of time. Qualifying a new contract manufacturer and commencing production can be a lengthy and expensive process. If Dynabazaar is required to change its contract manufacturer, if Dynabazaar fails to effectively manage its contract manufacturer, or if its contract manufacturer experiences delays, disruptions, capacity constraints, component parts shortages or quality control problems in its manufacturing operations, shipment of Dynabazaar's products to Dynabazaar's

customers could be delayed resulting in loss of revenues and Dynabazaar's competitive position and relationship with customers could be harmed.

If Dynabazaar is unable to keep pace with technological changes in Dynabazaar's industry, its products may become obsolete or fail to achieve market acceptance.

Vision imaging products are subject to a high degree of technological change, frequent new product introductions, evolving industry standards and changes in customer demands. The introduction of competitive products embodying new technologies and the emergence of new industry standards could render Dynabazaar's existing products obsolete and unmarketable. Dynabazaar's future success will depend in part on Dynabazaar's ability to enhance existing products, develop and introduce new products to meet diverse and evolving customer requirements, and keep pace with technological developments and emerging industry standards.

The development of new products or enhanced versions of existing products entails significant technical risks. There can be no assurance that Dynabazaar will be successful in developing and marketing product enhancements or that new products will respond to technological change or evolving industry standards, or that

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Dynabazaar will not experience difficulties that could delay or prevent the successful development, introduction, implementation and marketing of these products and enhancements, or that any new products and product enhancements Dynabazaar may introduce will achieve market acceptance. If Dynabazaar is not able to successfully develop and market new and enhanced products and services, its business and results of operations will be harmed.

Dynabazaar faces intense competition in Dynabazaar's business, and Dynabazaar may be unable to compete successfully against Dynabazaar's current and future competitors.

The market for Dynabazaar's products is intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. Some of Dynabazaar's competitors are substantially larger than Dynabazaar is, have significantly greater financial, technical and marketing resources, and have a larger installed base of customers. Some of these competitors also have extensive direct and indirect channels of distribution. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the development, promotion and sale of their products than Dynabazaar is able to. In addition, current and potential competitors have established or may establish cooperative relationships among themselves with prospective customers. Some of Dynabazaar's competitors may also combine with, or be acquired by other parties, providing them with additional loss of market share, any of which would have a material adverse effect on Dynabazaar's business, operating results and financial condition. There can be no assurance that Dynabazaar will be able to compete successfully against current or future competitors or that competitive pressures will not have a material adverse effect on Dynabazaar's business, operating results and financial condition.

If Dynabazaar loses key personnel or is unable to hire additional qualified personnel, Dynabazaar's business may be harmed.

Dynabazaar's success depends to a significant degree upon the continued contributions of key management, sales and other personnel, many of whom would be difficult to replace. Dynabazaar believes its future success will also depend, in large part, upon Dynabazaar's ability to attract and retain highly skilled managerial, sales and other personnel, and on the ability of management to operate effectively, both individually and as a group, in geographically disparate locations. The loss of the services of any of Dynabazaar's key employees, the inability to attract or retain qualified personnel in the future, or delays in hiring required personnel could delay the development and introduction of, and negatively affect Dynabazaar's ability to sell its products.

Dynabazaar may engage in future mergers and strategic investments that dilute the ownership percentage of Dynabazaar's stockholders and would require it to use cash, incur debt or assume contingent liabilities.

As part of Dynabazaar's business strategy, Dynabazaar expects to continue to review opportunities to buy or invest in other businesses or technologies that it believes would complement Dynabazaar's current products, expand the breadth of its markets or enhance its technical capabilities, or that may otherwise offer growth opportunities. If Dynabazaar buys or invests in other businesses, products or technologies in the future, Dynabazaar could:

incur significant unplanned expenses and personnel costs;

issue stock, or assume stock option plans that would dilute Dynabazaar's current stockholders' percentage ownership;
use cash, which may result in a reduction of Dynabazaar's liquidity;
incur debt;
assume liabilities; and

spend resources on unconsummated transactions.

Dynabazaar may not realize the anticipated benefits of past or future mergers and strategic investments, and integration of mergers may disrupt Dynabazaar's business and management.

Dynabazaar has in the past and may in the future acquire or make strategic investments in additional companies, products or technologies. Most recently, Dynabazaar announced that Dynabazaar entered into an agreement to merge with L Q Corporation. Dynabazaar may not realize the anticipated benefits of these or any other mergers or strategic investments, which involve numerous risks, including:

problems integrating the purchased operations, technologies, personnel or products over geographically disparate locations;
unanticipated costs, litigation and other contingent liabilities;
diversion of management's attention from Dynabazaar's core business;
adverse effects on existing business relationships with suppliers and customers;
risks associated with entering into markets in which Dynabazaar has limited, or no prior experience;
failure to successfully manage additional remote locations, including the additional infrastructure and resources necessary to support and integrate such locations;
incurrence of significant exit charges if products acquired in business combinations are unsuccessful;
incurrence of merger-related costs or amortization costs for acquired intangible assets that could impact Dynabazaar's operating results;
potential write-down of goodwill and/or acquired intangible assets, which are subject to impairment testing on a regular basis, and could significantly impact Dynabazaar's operating results;
inability to retain key customers, distributors, vendors and other business partners of the acquired business; and
potential loss of Dynabazaar's key employees or the key employees of an acquired organization.

If Dynabazaar is not able to successfully integrate businesses, products, technologies or personnel that Dynabazaar acquires, or to realize expected benefits of Dynabazaar's mergers or strategic investments, Dynabazaar's business and financial results may be adversely affected.

Dynabazaar's common stock has been delisted from Nasdaq, which limits the market for Dynabazaar's common stock and could adversely affect the ability of Dynabazaar stockholders to resell Dynabazaar common stock.

Dynabazaar's common stock was delisted from the Nasdaq National Market in 2004 for failure to maintain certain listing requirements and a significantly reduced market price of common stock. The stock may be less liquid and more volatile as a result and may make it more difficult to raise new operating funds in the public market. The common stock is presently quoted only on the Over-the-Counter Bulletin Board under the ticker symbol FAIM.OB and the ability of Dynabazaar's stockholders to obtain liquidity and consistent market prices for Dynabazaar's shares has been significantly impaired.

In addition, Dynabazaar's common stock may constitute penny stock (as defined in Rule 3a51-1 promulgated under the Exchange Act) if it fails to meet certain criteria set forth in such Rule. Various practice

requirements are imposed on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transactions prior to sale. Consequently, the Rule may deter broker-dealers from recommending or selling Dynabazaar's common stock, which could further affect the liquidity of the common stock.

Dynabazaar's business is subject to increasingly complex corporate governance, public disclosure, accounting, and tax requirements that have increased both its costs and the risk of noncompliance.

Dynabazaar is subject to rules and regulations of federal and state government as well as the stock exchange on which Dynabazaar's common stock is listed. These entities, including the Public Company Accounting Oversight Board, or PCAOB, the SEC, the Internal Revenue Service and NASD, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations and requirements in response to laws enacted by Congress, most notably the Sarbanes-Oxley Act of 2002. Dynabazaar's efforts to comply with these requirements have resulted in, and are likely to continue to result in, significant legal, accounting and other expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, Dynabazaar incurs additional costs associated with its public company reporting requirements. These rules and regulations also may make it more difficult and more expensive for Dynabazaar to obtain director and officer liability insurance, and Dynabazaar may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

Dynabazaar is subject to periodic audits or other reviews by such governmental agencies. The SEC periodically reviews Dynabazaar's public company filings. Any such examination or review frequently requires management's time and diversion of internal resources and, in the event of an unfavorable outcome, may result in additional liabilities or adjustments to Dynabazaar's historical financial results.

Recent changes in accounting rules, including the expensing of stock options granted to Dynabazaar's employees, could have a material impact on Dynabazaar's reported business and financial results.

The U.S. generally accepted accounting principles are subject to interpretation by the Financial Accounting Standards Board, or FASB, the American Institute of Certified Public Accountants, the PCAOB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on Dynabazaar's reported financial results.

On December 15, 2004, the FASB issued Statement of Financial Accounting Standards (SFAS 123R), Share-Based Payment, which requires Dynabazaar to measure compensation expense for employee stock options using the fair value method beginning the first quarter of fiscal year 2006, which is the quarter ended March 31, 2006. SFAS 123R applies to all outstanding stock options that are not vested at the effective date and grants of new stock options made subsequent to the effective date. As a result of SFAS 123R, Dynabazaar recorded higher levels of stock based compensation due to differences between the valuation methods of SFAS 123R and Accounting Principles Board Opinion No. 25, or APB No. 25. In prior periods, Dynabazaar recorded any compensation expense associated with stock option grants to employees using the intrinsic value method in accordance with APB 25.

Dynabazaar's future operating expenses may be adversely affected by changes in Dynabazaar's stock price.

A portion of Dynabazaar's outstanding stock options are subject to variable accounting. Under variable accounting, Dynabazaar is required to remeasure the value of the options, and the corresponding compensation expense, at the end of each reporting period until the option is exercised, cancelled or expires unexercised. As a result, the stock-based compensation expense Dynabazaar recognizes in any given period can vary substantially due to changes in the market value of Dynabazaar's common stock. Volatility associated with stock price movements has resulted in compensation benefits when Dynabazaar's stock price has declined and compensation expense when Dynabazaar's stock price has increased. Dynabazaar is unable to predict the future market value of Dynabazaar's common stock and therefore is unable to predict the compensation expense or benefit that Dynabazaar will record in future periods.

Dynabazaar has been named as a party to several class action lawsuits which could require significant management time and attention and result in significant legal expenses and may result in an unfavorable outcome which could have a material adverse effect on Dynabazaar's business, financial condition, results of operations and cash flows.

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Dynabazaar is a defendant in certain purported class action lawsuits filed by individual stockholders in the U.S. District Court for the Southern District of New York against Dynabazaar, Scott Randall (former President, Chief Executive Officer and Chairman of the Board of Dynabazaar), John Belchers (former Chief Financial Officer of Dynabazaar), U.S. Bancorp Piper Jaffray Inc., DB Alex. Brown (as successor-in-interest to Deutsche Bank Securities, Inc.), Robertson Stephens, Inc. (formerly known as FleetBoston Robertson Stephens, Inc.), Banc of America Securities, LLC, Goldman Sachs & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Citigroup Global Markets, Inc. (as successor-in-interest to Salomon Smith Barney, Inc.), and J.P. Morgan Securities, Inc. (as successor-in-interest to Hambrecht & Quist, LLC). The lawsuits have been filed by individual stockholders who purport to seek class action status on behalf of all other similarly situated persons who purchased the common stock of Dynabazaar between March 14, 2000 and December 6, 2000. A consolidated amended class action complaint was filed on April 19, 2002. The complaint alleges certain underwriters of Dynabazaar's initial public offering solicited and received excessive and undisclosed fees and commissions in connection with that offering. The complaint further alleges that the defendants violated the federal securities laws by issuing a registration statement and prospectus in connection with Dynabazaar's initial public offering which failed to accurately disclose the amount and nature of the commissions and fees paid to the underwriter defendants. On or about October 8, 2002, the Court entered an Order dismissing the claims asserted against certain individual defendants in the consolidated actions, including the claims against Mr. Randall and Mr. Belchers, without any payment from these individuals or Dynabazaar. On or about February 19, 2003, the Court entered an Order dismissing with prejudice the claims asserted against Dynabazaar under Section 10(b) of the Exchange Act. As a result, the only claims that remain against Dynabazaar are those arising under Section 11 of the Securities Act. Dynabazaar has accepted a proposal for the settlement and release of the remaining claims in the litigation. The proposed settlement will result in a dismissal with prejudice of all claims and will include a release of all claims that were brought or could have been brought against Dynabazaar and its present and former directors and officers. It is anticipated that any payment to the plaintiff class and their counsel will be funded by Dynabazaar's directors' and officers' liability insurance and that no direct payment will be made by Dynabazaar. The proposed settlement provides that the class members in the class action cases brought against the participating issuer defendants will be guaranteed a recovery of \$1 billion by insurers of the participating issuer defendants. If recoveries totaling \$1 billion or more are obtained by the class members from the underwriter defendants, the monetary obligations to the class members under the proposed settlement will be satisfied. In addition, Dynabazaar and any other participating issuer defendants will be required to assign to the class members certain claims that they may have against the underwriters of their IPOs. The proposed settlement contemplates that any amounts necessary to fund the settlement or settlement-related expenses would come from participating issuers' directors and officers' liability insurance policy proceeds as opposed to funds of the participating issuer defendants themselves. A participating issuer defendant could be required to contribute to the costs of the settlement if that issuer's insurance coverage were insufficient to pay that issuer's allocable share of the settlement costs. If ultimately approved by the Court, the proposed settlement would result in the dismissal, with prejudice, of all claims in the litigation against Dynabazaar and all of the other issuer defendants who have elected to participate in the proposed settlement, together with the current or former officers and directors of participating issuers who were named as individual defendants. The proposed settlement does not provide for the resolution of any claims against the underwriter defendants, and the litigation as against those defendants is continuing. Consummation of the proposed settlement remains conditioned upon obtaining approval by the Court. By order entered on September 1, 2005, the Court granted preliminary approval of the proposed settlement and directed that notice of the terms of the proposed settlement be provided to class members. Thereafter, the court held a fairness hearing, on April 24, 2006, at which objections to the proposed settlement were heard. The Court has yet to issue a ruling on the motion for final approval. On December 5, 2006, the Court of Appeals for the Second Circuit reversed the Court's order certifying a class in six test cases that were selected by the underwriter defendants and plaintiffs in the coordinated proceeding. On April 6, 2007, the Court of Appeals denied the plaintiffs' petition for rehearing of the Court's December 5, 2006 ruling but noted that the plaintiffs remain free to ask the District Court to certify a different class which might meet the standards for class certification that the Court of Appeals articulated in its December 5, 2006 decision. Because Dynabazaar's proposed settlement with the plaintiffs involves the certification of the case against Dynabazaar as a class action for settlement purposes, it is unclear what impact, if any, the Second Circuit's class certification ruling will have on Dynabazaar's case or the viability of the proposed

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settlement. In the event the settlement is not finalized, Dynabazaar believes that it has meritorious defenses to plaintiffs' claims and intends to defend the action vigorously.

The expense of defending this litigation may be significant. The amount of time to resolve these lawsuits is unpredictable and defending Dynabazaar may divert management's attention from the day-to-day operations of Dynabazaar's business, which could adversely affect Dynabazaar's business, results of operations and cash flows. In addition, an unfavorable outcome in such litigation could have a material adverse effect on Dynabazaar's business, results of operations and cash flows.

Provisions in Dynabazaar's charter document, agreements and Delaware law could prevent or delay a change in control of Dynabazaar, which could hinder stockholders' ability to receive a premium for Dynabazaar's stock.

Provisions of Dynabazaar's certificate of incorporation and bylaws may discourage, delay or prevent a merger that a stockholder may consider favorable. These provisions include:

authorizing the issuance of preferred stock without stockholder approval;
providing for a classified board of directors with staggered, three-year terms;
limiting the persons who may call special meetings of stockholders;
prohibiting stockholder actions by written consent; and
requiring super-majority voting to effect certain amendments to provisions of Dynabazaar's certificate of incorporation and bylaws.

Certain provisions of Delaware law also may discourage, delay, or prevent someone from acquiring or merging with Dynabazaar, and Dynabazaar's agreements with certain of Dynabazaar's customers may require that Dynabazaar give prior notice of a change of control and grant certain rights following a change of control.

Dynabazaar expects to experience volatility in Dynabazaar's stock price, which could negatively affect stockholders' investments.

The market price of Dynabazaar's common stock has experienced significant volatility in the past and will likely continue to fluctuate significantly in response to the following factors, some of which are beyond Dynabazaar's control:

macroeconomic conditions;
actual or anticipated fluctuations in Dynabazaar's operating results;
changes in financial estimates and ratings by securities analysts;
announcements of financial results by Dynabazaar or other security companies;
announcements by Dynabazaar, its competitors, customers, or similar businesses of significant technical innovations, contracts, mergers, strategic partnerships, joint ventures or capital commitments;
comments made by third-party market observers that may impact investment decisions of investors;
additions or departures of key personnel;
sales by Dynabazaar of common stock or convertible securities;

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incurring debt; and
other risk factors detailed in this section.

In addition, the stock market has experienced extreme volatility that often has been unrelated to the performance of particular companies. These market fluctuations may cause Dynabazaar's stock price to fall regardless of how the business performs.

Risks Related to L Q Corporation

L Q Corporation must overcome pricing competition with respect to its Access Control Products Group products. Competitive pricing pressures can cause profit erosion.

The Access Control Products Group, or ACPG, products compete against products sold by an increasing number of competitors on the basis of several factors including price. In order to compete in the marketplace, ACPG's products must provide superior technology at competitive prices. Failure to produce cost-effective products could adversely affect customer demand and adversely affect L Q Corporation's results of operations. In addition, the competitive business arena could create pricing pressure for the ACPG products. A reduction in pricing of ACPG's products due to competitive pressures could have an adverse effect on L Q Corporation's revenues, operating income and results of operations.

L Q Corporation must develop new products and enhancements to existing products to remain competitive. If L Q Corporation fails to develop new products and product enhancements on a timely basis, it may lose market share. L Q Corporation's investment in the Pinnacle software solution may not realize a return on investment.

The market for ACPG's Pinnacle software solution is characterized by rapid technological change, frequent new product introductions, changes in customer requirements and evolving industry standards. Accordingly, L Q Corporation's future success will depend to a substantial extent on its ability to:

invest significantly in research and product development;
develop, introduce and support new products and enhancements on a timely basis; and
gain and consecutively increase market acceptance of our products.

L Q Corporation's ACPG division is currently developing new products and enhancements to its existing products. L Q Corporation may not be able to successfully complete the development and market introduction of new products or product enhancements. If L Q Corporation fails to develop and deploy new products and product enhancements on a timely basis, or if L Q Corporation fails to gain market acceptance of its new products, revenues will decline and L Q Corporation may lose market share to its competitors. There is no assurance that L Q Corporation will be successful in marketing and selling its Pinnacle software solution or other new products, that the revenues from the sales of the Pinnacle software solution or other new products will justify the investment, or that the sales of Pinnacle will continue to increase.

The availability and pricing of component parts may adversely affect production and profitability.

L Q Corporation's ability to grow earnings will be affected by increases in the cost of component parts, including electronic components and circuit boards. L Q Corporation may not be able to offset fully the effects of higher component parts through price increases, productivity improvements or cost reduction programs.

Future acquisitions may not be found or may not be successfully integrated into L Q Corporation's business and could adversely affect L Q Corporation's business.

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L Q Corporation has pursued, and will continue to pursue if the merger is not completed, growth opportunities through attempted acquisition of complementary businesses, products and technologies. L Q Corporation is unable to predict whether or when any other prospective acquisition will be completed, if at all. The process of integrating an acquired business may be prolonged due to unforeseen difficulties and may require a disproportionate amount of L Q Corporation's resources and management's attention. There can be no assurances that management will be able to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into existing operations, or expand into new markets. Further, once integrated, acquisitions may not achieve levels of revenues, profitability or productivity comparable to L Q Corporation's existing business or otherwise perform as expected. The occurrence of any of these events could harm L Q Corporation's business, financial condition or results of operations.

In addition, future acquisitions may require substantial capital resources, which may require L Q Corporation to seek additional debt or equity financing. Future acquisitions by L Q Corporation could result in the following, any of which could seriously harm L Q Corporation's results of operations or the price of its stock:

- issuance of equity securities that would dilute current stockholders' percentages of ownership;
- large one-time write-offs;
- the incurrence of debt and contingent liabilities;
- difficulties in the assimilation and integration of operations, personnel, technologies, products and information systems of the acquired companies;
- diversion of management's attention from other business concerns;
- contractual disputes;
- risks of entering geographic and business markets in which L Q Corporation has no or only limited prior experience; and
- potential loss of key employees of acquired organizations.

The ACPG business has incurred net losses. There is no assurance that it will turn profitable in the future.

L Q Corporation (including the ACPG operations) has incurred losses in the past and may incur losses in the future. The ACPG business incurred net losses of \$0.9 million, \$1.0 million and \$1.4 million in 2006, 2005 and 2004, respectively. Continued or increased net losses could have a material adverse effect on L Q Corporation's business, financial condition and results of operations and the value and market price of L Q Corporation's common stock.

L Q Corporation relies on licenses with third parties to license software code that is an integral part of the ACPG business s Pinnacle software solution and if L Q Corporation would need to seek alternate licenses, its results of operations could be adversely affected.

L Q Corporation licenses certain software code that is an integral part of ACPG s Pinnacle software solution from third parties. In particular, L Q Corporation obtains from third party licensors certain software code included in the Pinnacle software solution, and the software for its badging products. L Q Corporation would need to seek alternative licensors for the software code if any of the third party licensors terminate or decides not to renew a license. If any of these third party licensors become unable to or refuses to license its code, it could interrupt and delay the development, design and delivery of the Pinnacle software solution and related products. Any such disruption could adversely affect L Q Corporation s results of operations.

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Cyclical industry and economic conditions may adversely affect L Q Corporation s financial condition and results of operations.

L Q Corporation s operating results may be affected adversely by the general cyclical pattern of the industries in which it operates. For example, demand for ACPG products and services is significantly affected by levels of commercial construction and consumer and business discretionary spending. The demand patterns of these markets could impact the revenues and margins in this business.

SES Resources International, Inc. is a newly formed business.

As a newly formed organization, L Q Corporation s subsidiary, SES Resources International, Inc., or SES, has no independent record of performance in the following service categories in which it is expected to specialize:

- corporate investigations (e.g. know your customer, know your employee, know your vendor reviews);
- due diligence reviews;
- forensic accounting; anti-money laundering investigatory services consistent with the requirements of the Patriot Act;
- anti-counterfeiting and intellectual property protection;
- corporate health and wellness consultancy;
- emergency preparedness and contingency planning; executive staffing solutions; and
- education and government security training services.

As a new business, SES may not be successful in being engaged by prospective clients, which would have an adverse affect on revenues and results of operations.

L Q Corporation s success in the SES business depends on its ability to expand the SES advisory panel.

SES intends to deliver critical strategic security and business protection solutions based on best practices developed by accomplished retired law enforcement agents and in association with an Advisory Panel comprised of senior executive service level government risk assessment and law enforcement professionals. L Q Corporation may not be able to identify additional senior executive service law enforcement agents who are able to serve as Advisors on the Advisory Panel. Such inability would harm the development of the SES business in general, and prevent L Q Corporation from distinguishing itself in the marketplace in particular, which could adversely affect revenues and results of operations.

Some of L Q Corporation s competitors have greater resources than L Q Corporation, which may limit its ability to effectively compete with them.

Some of L Q Corporation s competitors have greater financial, personnel and other resources than L Q Corporation, which may limit its ability to effectively compete with them. For example, L Q Corporation s main competitors in the ACPG business include Tyco International Ltd. and Honeywell International Inc. These and other large competitors may be able to:

- respond more quickly to new or emerging technologies or changes in customer requirements;
- benefit from greater economies of scale;

offer more aggressive pricing; and/or

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devote greater resources to the promotion of their products.

L Q Corporation is dependent on its key personnel, the loss of whom could negatively affect business.

L Q Corporation is dependent on its key personnel, including general management, software and hardware engineers, technical support and sales executives, who have significant industry experience, knowledge and know how. The loss of these key personnel could negatively affect business and results of operations.

L Q Corporation's common stock has been delisted from Nasdaq, which limits the market for L Q Corporation's common stock and could adversely affect the ability of L Q Corporation stockholders to resell L Q Corporation common stock.

L Q Corporation's common stock was delisted from the Nasdaq National Market in 2003 for failure to maintain certain listing requirements and a significantly reduced market price of common stock. The stock may be less liquid and more volatile as a result and it may be more difficult to raise new operating funds in the public market. The common stock is presently quoted only on the Over-the-Counter Bulletin Board under the ticker symbol LQCL.OB and the ability of L Q Corporation's stockholders to obtain liquidity and consistent market prices for L Q Corporation's shares has been significantly impaired.

In addition, L Q Corporation's common stock may constitute penny stock (as defined in Rule 3a51-1 promulgated under the Exchange Act) if it fails to meet certain criteria set forth in such Rule. Various practice requirements are imposed on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transactions prior to sale. Consequently, the Rule may deter broker-dealers from recommending or selling L Q Corporation's common stock, which could further affect the liquidity of the common stock.

L Q Corporation's business is subject to increasingly complex corporate governance, public disclosure, accounting, and tax requirements that have increased both its costs and the risk of noncompliance.

L Q Corporation is subject to rules and regulations of federal and state government as well as the service on which L Q Corporation's common stock is quoted. These entities, including the Public Company Accounting Oversight Board, or PCAOB, the SEC, the Internal Revenue Service and NASD, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations and requirements in response to laws enacted by Congress, most notably the Sarbanes-Oxley Act of 2002. L Q Corporation's efforts to comply with these requirements have resulted in, and are likely to continue to result in, significant legal, accounting and other expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In addition, L Q Corporation incurs additional costs associated with its public company reporting requirements. These rules and regulations also may make it more difficult and more expensive for L Q Corporation to obtain director and officer liability insurance, and L Q Corporation may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage.

L Q Corporation is subject to periodic audits or other reviews by such governmental agencies. The SEC periodically reviews L Q Corporation's public company filings. Any such examination or review frequently requires management's time and diversion of internal resources and, in the event of an unfavorable outcome, may result in additional liabilities or adjustments to L Q Corporation's historical financial results.

Recent changes in accounting rules, including the expensing of stock options granted to L Q Corporation's employees, could have a material impact on L Q Corporation's reported business and financial results.

The U.S. generally accepted accounting principles are subject to interpretation by the Financial Accounting Standards Board, or FASB, the American Institute of Certified Public Accountants, the PCAOB, the SEC, and

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various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on L Q Corporation's reported financial results.

On December 15, 2004, the FASB issued SFAS 123R, Share-Based Payment, which requires L Q Corporation to measure compensation expense for employee stock options using the fair value method beginning the first quarter of fiscal year 2006, which is the quarter ended March 31, 2006. SFAS 123R applies to all outstanding stock options that are not vested at the effective date and grants of new stock options made subsequent to the effective date. As a result of SFAS 123R, L Q Corporation recorded higher levels of stock based compensation due to differences between the valuation methods of SFAS 123R and Accounting Principles Board Opinion No. 25, or APB No. 25. In prior periods, L Q Corporation recorded any compensation expense associated with stock option grants to employees using the intrinsic value method in accordance with APB 25.

L Q Corporation has been named as a party in certain class action lawsuits which could require significant management time and attention and result in significant legal expenses and may result in an unfavorable outcome which could have a material adverse effect on L Q Corporation's business, financial condition, results of operations and cash flows.

L Q Corporation is a defendant in certain purported class action lawsuits filed by individual stockholders in the U.S. District Court for the Southern District of New York against certain of L Q Corporation's former officers and directors, and various of the underwriters in L Q Corporation's initial public offering (IPO) and secondary offering. The lawsuits have been filed by individual stockholders who purport to seek class action status on behalf of all other similarly situated persons who purchased the common stock of the Company between July 8, 1999 and December 6, 2000. A consolidated amended class action complaint was filed on April 19, 2002. The complaint alleges that certain underwriters of the IPO solicited and received excessive and undisclosed fees and commissions in connection with that offering. The complaint further alleges that the defendants violated the federal securities laws by issuing a registration statement and prospectus in connection with L Q Corporation's IPO which failed to accurately disclose the amount and nature of the commissions and fees paid to the underwriter defendants. On or about October 8, 2002, the Court entered an Order dismissing the claims asserted against certain individual defendants in the consolidated actions without any payment from these individuals or L Q Corporation. On or about February 19, 2003, the Court entered an Order dismissing with prejudice the claims asserted against L Q Corporation under Section 10(b) of the Exchange Act. As a result, the only claims that remain against L Q Corporation are those arising under Section 11 of the Securities Act. The parties have negotiated and executed a definitive settlement agreement. The proposed settlement provides that the class members in the class action cases brought against the participating issuer defendants will be guaranteed a recovery of \$1 billion by insurers of the participating issuer defendants. If recoveries totaling \$1 billion or more are obtained by the class members from the underwriter defendants, however, the monetary obligations to the class members under the proposed settlement will be satisfied. In addition, L Q Corporation and any other participating issuer defendants will be required to assign to the class members certain claims that they may have against the underwriters of their IPO's. The proposed settlement contemplates that any amounts necessary to fund the settlement or settlement-related expenses would come from participating issuers' directors and officers liability insurance policy proceeds as opposed to funds of the participating issuer defendants themselves. A participating issuer defendant could be required to contribute to the costs of the settlement if that issuer's insurance coverage were insufficient to pay that issuer's allocable share of the settlement costs. If ultimately approved by the Court, the proposed settlement would result in the dismissal, with prejudice, of all claims in the litigation against L Q Corporation and all of the other issuer defendants who have elected to participate in the proposed settlement, together with the current or former officers and directors of participating issuers who were named as individual defendants. The proposed settlement does not provide for the resolution of any claims against the underwriter defendants, and the litigation as against those defendants is continuing. Consummation of the proposed settlement remains conditioned upon obtaining approval by the Court. By order entered into on September 1, 2005, the Court granted preliminarily approval of the proposed settlement and directed that notice of the terms of the proposed settlement be provided to class members. Thereafter, the Court held a fairness hearing on April 24, 2005 at which objections to the proposed settlement were heard. The Court has yet to issue a ruling on the motion for final approval. On December 5, 2006, the Court of Appeals for the Second Circuit reversed the Court's order certifying a class in six test cases that were selected by the underwriter defendants and plaintiffs in the coordinated proceeding. On April 6, 2007, the Court of Appeals denied the plaintiffs' petition for rehearing of the Court's December 5, 2006 ruling but noted that the plaintiffs remain free to ask the District Court to certify a different class which might meet the standards for class certification that the Court of Appeals articulated in

its December 5, 2006 decision. Because our proposed settlement with the plaintiffs involves the certification of the case against us as a class action for settlement purposes, it is unclear what impact, if any, the Second Circuit's class certification ruling will have on our case or the viability of the proposed settlement. In the event the settlement is not finalized, the Company believes that it has meritorious defenses to plaintiffs' claims and intends to defend the action vigorously.

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The expense of defending this litigation may be significant. The amount of time to resolve these lawsuits is unpredictable and defending L Q Corporation may divert management's attention from the day-to-day operations of L Q Corporation's business, which could adversely affect L Q Corporation's business, results of operations and cash flows. In addition, an unfavorable outcome in such litigation could have a material adverse effect on L Q Corporation's business, results of operations and cash flows.

Provisions in L Q Corporation's charter documents and Delaware law could prevent or delay a change in control of L Q Corporation and may reduce the market price of its common stock.

Provisions of L Q Corporation's certificate of incorporation and bylaws may discourage, delay or prevent a merger, acquisition or other business combination that a stockholder may consider favorable. These provisions include:

- authorizing the issuance of preferred stock without stockholder approval;
- limiting the persons who may call special meetings of stockholders;
- prohibiting stockholder actions by written consent;
- prohibiting cumulative voting for the election of directors or any other matter submitted to a vote of stockholders unless required by the California General Corporation Law; and
- requiring super-majority voting to effect certain amendments to L Q Corporation's certificate of incorporation and bylaws.

L Q Corporation is incorporated in Delaware and certain provisions of Delaware law may also discourage, delay or prevent someone from acquiring or merging with it, which may cause the market price of its common stock to decline.

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SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF DYNABAZAAR

The following selected financial data should be read in conjunction with Dynabazaar's consolidated financial statements and related notes, and management's discussion and analysis of financial condition and results of operations and other financial information in Dynabazaar's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 as filed with the SEC on April 4, 2007.

The following financial data set forth the selected historical consolidated financial and operating data for Dynabazaar. The selected consolidated financial and operating data as of and for the fiscal years ended December 31, 2006, 2005, 2004, 2003 and 2002 have been derived from Dynabazaar's consolidated financial statements. You should not take historical results as necessarily indicative of the results that may be expected for any future period. The selected consolidated financial and operating data as of and for the three months ended March 31, 2007 and 2006 have been derived from Dynabazaar's unaudited condensed consolidated financial statements. The results for the three months ended March 31, 2007 are not necessarily indicative of results that may be expected for the entire fiscal year.

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DYNABAZAAR, INC. AND SUBSIDIARIES SELECTED FINANCIAL DATA (\$ in thousands, except per share amounts)

For the Three Month Period Ended March 31,		For the Years Ended December 31,				
2007	2006	2006	2005	2004	2003	2002

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Consolidated Statement of Operations Data:	For the Three Month Period Ended March 31,		For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
Net revenues	\$ 4,208	\$ 7,613	\$ 9,125	\$ 8,989	\$ 10,697	\$ 5,747	
Total operating expense	934	215	2,300	1,119	2,227	12,752	29,075
Loss from operations	(54)	(215)	(665)	(1,119)	(2,227)	(6,079)	(23,328)
Net income (loss)	(31)	(112)	(386)	1,256	(1,962)	(4,599)	(21,977)
Basic and diluted net income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ 0.05	\$ (0.07)	\$ (0.18)	\$ (0.79)
Shares used to compute basic net income (loss) per share	23,692	23,410	23,593	25,165	27,024	26,796	28,080
Shares used to compute diluted net income (loss) per share	23,692	23,410	23,593	25,259	27,024	26,796	28,080
Consolidated Balance Sheet Data:	March 31,		December 31,				
	2007	2006	2006	2005	2004	2003	2002
Cash, cash equivalents and marketable securities	\$ 2,770	\$ 9,005	\$ 2,938	\$ 9,125	\$ 8,989	\$ 10,697	\$ 54,734
Working capital	6,962	9,250	6,875	9,260	9,124	5,547	39,572
Total assets	14,745	10,297	14,535	10,462	12,648	16,630	59,267
Long-term liabilities, less current portion	2,225		2,225			2,000	1,209
Total stockholders' equity	9,929	10,163	9,960	10,256	10,452	12,314	52,909

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SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF L Q CORPORATION

The following selected financial data should be read in conjunction with L Q Corporation's consolidated financial statements and related notes, and management's discussion and analysis of financial condition and results of operations and other financial information in L Q Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 as filed with the SEC on April 2, 2007.

The following financial data set forth the selected historical consolidated financial and operating data for L Q Corporation. The selected consolidated financial and operating data as of and for the fiscal years ended December 31, 2006, 2005, 2004, 2003 and 2002 have been derived from L Q Corporation's consolidated financial statements. You should not take historical results as necessarily indicative of the results that may be expected for any future period. The selected consolidated financial and operating data as of and for the three months ended March 31, 2007 and 2006 have been derived from L Q Corporation's unaudited condensed consolidated financial statements. The results for the three months ended March 31, 2007 are not necessarily indicative of results that may be expected for the entire fiscal year.

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**L Q CORPORATION, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(\$ in thousands, except per share amounts)**

Consolidated Statement of Operations Data:	For the Three Month Period Ended March 31,		For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002

Consolidated Statement of Operations Data:

	For the Three Month Period Ended March 31,			For the Years Ended December 31,			
Net revenues	\$ 1,574	\$ 1,533	\$ 6,399	\$	\$	\$ 43	\$ 482
Total operating expense	998	1,220	4,912	993	968	11,511	25,419
Loss from operations	(241)	(543)	(2,023)	(993)	(968)	(11,475)	(26,061)
Net income (loss)	(229)	(516)	(1,914)	(757)	(847)	(8,294)	(19,275)
Basic and diluted net income (loss) per share	\$(0.07)	\$(0.16)	\$(0.60)	\$(0.24)	\$(0.26)	\$ (2.56)	\$ (6.04)
Shares used to compute basic net income (loss) per share	3,214	3,214	3,214	3,214	3,232	3,243	3,189
Shares used to compute diluted net income (loss) per share	3,214	3,214	3,214	3,214	3,232	3,243	3,189
Cash distribution declared per common share	\$	\$	\$	\$	\$	\$	\$ 2.50

	March 31,			December 31,			
	2007	2006	2006	2005	2004	2003	2002

Consolidated Balance Sheet Data:

Cash, cash equivalents and marketable securities	\$ 1,671	\$ 2,730	\$ 1,950	\$ 5,746	\$ 6,432	\$ 9,077	\$73,985
Working capital	2,397	3,971	2,595	4,638	6,421	7,334	14,227
Total assets	4,815	5,964	5,296	8,807	6,535	9,269	76,797
Long-term liabilities, less current portion	37		41				
Total stockholders' equity	3,508	5,135	3,737	5,651	6,421	7,334	15,618

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**SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED
COMBINED CONSOLIDATED FINANCIAL DATA**

The following table presents summary unaudited pro forma combined financial data which reflects the proposed merger. The summary unaudited pro forma combined financial data are derived from and should be read in conjunction with the unaudited pro forma combined financial statements and related notes thereto included in this joint proxy statement/prospectus. See "Pro Forma Financial Statements" on page F-72 and "Notes to Unaudited Pro Forma Condensed Combined Financial Statements" on page F-76.

**PRO FORMA INFORMATION
SELECTED FINANCIAL DATA
(\$ in thousands, except per share amounts)**

	Three Months Ended	
	March 31, 2007	December 31, 2006
Consolidated Statement of Operations Data:		
Net revenues	\$ 5,782	\$ 14,012
Total operating expense	1,762	6,531
Loss from operations	(125)	(2,007)
Extraordinary gain upon merger		407
Net income (loss)	(90)	(1,151)
Basic and diluted net income (loss) per share	\$ (0.00)	\$ (0.03)
Shares used to compute basic net income (loss) per share	35,520	35,421
Shares used to compute diluted net income (loss) per share	35,520	35,421
	March 31, 2007	2006

	<u>March 31,</u> <u>2007</u>	<u>2006</u>
Consolidated Balance Sheet Data:		
Cash, cash equivalents and marketable securities	\$ 4,441	\$ 4,888
Working capital	9,359	9,470
Total assets	19,372	18,846
Long-term liabilities, less current portion	2,262	2,266
Total stockholders' equity	13,249	12,712

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COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table reflects (i) the historical income (loss) from continuing operations and book value per share of Dynabazaar common stock in comparison to the proposed merger with L Q Corporation, and (ii) the historical loss from continuing operations and book value per share of L Q Corporation's common stock in comparison with the equivalent pro forma loss from continuing operations and book value per share. The equivalent pro forma loss from continuing operations and book value per share are equal to the pro forma loss from continuing operations and book value per share of Dynabazaar, after giving effect to the proposed merger with L Q Corporation, multiplied by 3.68, the number of shares of Dynabazaar common stock to be issued in exchange for each share of L Q Corporation common stock. The comparative historical and pro forma per share data should be read in conjunction with the unaudited pro forma combined financial statements and related notes thereto and the historical consolidated financial statements of Dynabazaar and notes thereto, included in this joint proxy statement/prospectus, and the historical consolidated financial statements of L Q Corporation, which information is incorporated by reference in this joint proxy statement/prospectus.

The pro forma combined financial data are not necessarily indicative of the operating results of future operations or the actual results that would have occurred had the merger been completed at the beginning of the period presented. Pro forma combined book value per share was computed by dividing pro forma stockholders' equity by the pro forma number of shares of common stock which would have been outstanding had the merger been completed as of the balance sheet date.

Neither Dynabazaar nor L Q Corporation declared or paid any cash dividends on their common stock during the year ended December 31, 2006. They do not intend to pay dividends on their common stock in the foreseeable future.

COMPARATIVE HISTORICAL AND PROFORMA PER SHARE DATA

(\$ in thousands, except per share amounts)

	<u>For the year ended December 31, 2006</u>		
	<u>Dynabazaar, Inc.</u> <u>and Subsidiaries</u>	<u>L Q Corporation, Inc.</u> <u>and Subsidiaries</u>	<u>Pro Forma</u>
Income (loss) per common share:			
Basic and diluted net income (loss) per share	\$ (0.02)	\$(0.60)	\$(0.03)
	<u>For the three month period ended March 31, 2007</u>		
	<u>Dynabazaar, Inc.</u> <u>and Subsidiaries</u>	<u>L Q Corporation, Inc.</u> <u>and Subsidiaries</u>	<u>Pro Forma</u>
Income (loss) per common share:			
Basic and diluted net income (loss) per share	\$ (0.00)	\$(0.07)	\$(0.00)
Book value per common share at period end	\$ 0.42	\$ 1.09	\$ 0.37
Shares used to compute book value per share	23,692	3,214	35,520

COMPARATIVE AND HISTORICAL PER SHARE MARKET PRICE DATA

Dynabazaar common stock currently trades on the Over-The-Counter Bulletin Board under the symbol FAIM.OB . L Q Corporation s common stock trades on the Over-The-Counter Bulletin Board under the symbol LQCI.OB .

The following table shows the high and low sales prices per share of Dynabazaar common stock and L Q Corporation common stock each as reported on the Over-The-Counter Bulletin Board on (1) January 4, 2007, the last full trading day preceding public announcement that Dynabazaar and L Q Corporation had entered into the original merger agreement, and (2) June 20, 2007.

The table also includes the equivalent high and low price per share of L Q Corporation common stock on those dates. This equivalent high and low price per share reflects the fluctuating value of the Dynabazaar common stock that L Q Corporation stockholders would receive in exchange for each share of L Q Corporation common stock if the merger was completed on either of these dates applying the exchange ratio of 3.68 shares of Dynabazaar common stock for each share of L Q Corporation common stock exchanged in the merger.

As of June 19, 2007, there were approximately 178 holders of record of Dynabazaar common stock and 23,691,756 shares of Dynabazaar common stock outstanding. As of June 19, 2007, there were approximately 47 holders of record of L Q Corporation common stock outstanding.

	L Q Corporation Common Stock		Dynabazaar Common Stock		Equivalent Price Per Share	
	High	Low	High	Low	High	Low
January 4, 2007	\$1.12	\$1.12	\$ 0.30	\$ 0.30	\$1.10	\$1.10
June 20, 2007	\$0.95	\$0.95	\$0.2875	\$0.2875	\$1.05	\$1.05

The following table sets forth the high and low sales prices of Dynabazaar common stock for the periods indicated.

	Dynabazaar Common Stock	
	High (\$)	Low (\$)
Year Ending December 31, 2007		
Second Fiscal Quarter through June 20, 2007	\$0.34	\$0.26
First Fiscal Quarter	\$0.34	\$0.31
Year Ending December 31, 2006		
Fourth Fiscal Quarter	\$0.34	\$0.29
Third Fiscal Quarter	\$0.37	\$0.30
Second Fiscal Quarter	\$0.40	\$0.35
First Fiscal Quarter	\$0.40	\$0.35
Year Ending December 31, 2005		
Fourth Fiscal Quarter	\$0.41	\$0.36
Third Fiscal Quarter	\$0.41	\$0.31
Second Fiscal Quarter	\$0.34	\$0.30
First Fiscal Quarter	\$0.35	\$0.30

The foregoing tables show only historical information. These tables may not provide meaningful information to you in determining whether to adopt the amended and restated merger agreement. Because the number of shares of Dynabazaar common stock to be issued for each share of L Q Corporation common stock is fixed, changes in the market price of Dynabazaar common stock will affect the dollar value of Dynabazaar common

stock to be received by L Q Corporation stockholders pursuant to the merger. L Q Corporation stockholders should obtain current market quotations for Dynabazaar common stock and review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference into this joint proxy statement/prospectus in considering whether to adopt the amended and restated merger agreement. See the section entitled "Where You Can Find More Information" on page 156.

Dynabazaar has not paid or declared any cash dividends on shares of its common stock other than a \$1.30 per share cash distribution that was declared in October 2003 and paid in November 2003 to stockholders of record on October 20, 2003. The total amount of the distribution was approximately \$35 million. Any future determinations as to the payment of dividends on Dynabazaar's common stock will depend upon its capital requirements, earnings, liquidity and such other factors as Dynabazaar's Board of Directors may consider.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of Dynabazaar, L Q Corporation or the combined company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words "expects," "anticipates," "believes," "intends," "estimates," "should," "would," "strategy," "plan" and similar expressions. All other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include projections of earnings, revenues, synergies, accretion or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings, approvals and the closing related to the merger; any statements concerning proposed new products, services, developments; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the risk that the transaction does not close, including the risk that required stockholder approvals for the merger may not be obtained; the possibility that expected synergies and cost savings will not be obtained; the difficulty of integrating the business, operations and employees of the two companies; as well as developments in the market and related products and services; and other risks and uncertainties described in the section entitled "Risk Factors." You should note that discussion of Dynabazaar's and L Q Corporation's respective board of directors' reasons for the merger and the descriptions of their respective financial advisors' opinions contain forward-looking statements that describe beliefs, assumptions and estimates as of the indicated dates and those forward-looking expectations may have changed as of the date of this joint proxy statement/prospectus.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, results of Dynabazaar and L Q Corporation could differ materially from the expectations in these statements. The forward-looking statements included in this joint proxy statement/prospectus are made only as of the date of this joint proxy statement/prospectus, and neither Dynabazaar nor L Q Corporation is under any obligation to update their respective forward-looking statements and neither party intends to do so.

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THE SPECIAL MEETING OF DYNABAZAAR STOCKHOLDERS

General

Dynabazaar is furnishing this joint proxy statement/prospectus to Dynabazaar stockholders in connection with the solicitation of proxies by the Dynabazaar board of directors for use at the special meeting of Dynabazaar stockholders, including any adjournment or postponement of the special meeting.

Date, Time and Place of the Special Meeting

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The special meeting of Dynabazaar stockholders will be held at the offices of Kramer Levin Naftalis & Frankel LLP located at 1177 Avenue of the Americas, New York, NY 10026 on July 26, 2007 at 2:00 p.m. Eastern time.

Purpose of the Dynabazaar Special Meeting

At the Dynabazaar special meeting, including any adjournment or postponement thereof, Dynabazaar stockholders will be asked to consider and vote upon a proposal to adopt the amended and restated merger agreement, to consider and vote upon a proposal to amend Dynabazaar's certificate of incorporation to change the name of the corporation to Sielox, Inc. and to consider and vote upon a proposal to amend Dynabazaar's certificate of incorporation to remove the classification of the board of directors.

A copy of the Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, Inc., LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation, Inc. is attached to this joint proxy statement/prospectus as Annex A. Dynabazaar stockholders are encouraged to read the amended and restated merger agreement in its entirety.

THE MATTERS TO BE CONSIDERED AT THE DYNABAZAAR SPECIAL MEETING ARE OF GREAT IMPORTANCE TO DYNABAZAAR STOCKHOLDERS. ACCORDINGLY, DYNABAZAAR STOCKHOLDERS ARE URGED TO READ AND CAREFULLY CONSIDER THE INFORMATION PRESENTED IN THIS JOINT PROXY STATEMENT/PROSPECTUS, AND TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED PRE-ADDRESSED POSTAGE-PAID ENVELOPE.

Recommendation of the Dynabazaar Board of Directors

After careful consideration, the Dynabazaar board of directors has unanimously determined that the merger and the adoption of the amended and restated merger agreement are advisable to, and in the best interests of, Dynabazaar and its stockholders. Additionally, the Dynabazaar board of directors has unanimously determined that the amendments to the Dynabazaar certificate of incorporation to change the corporate name and declassify the board of directors are advisable to, and in the best interests of, Dynabazaar and its stockholders. **The Dynabazaar board of directors unanimously recommends that Dynabazaar stockholders vote FOR the adoption of the amended and restated merger agreement, FOR the amendment to Dynabazaar's certificate of incorporation to change the corporate name and FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors.**

If your submitted proxy card does not specify how you want to vote your shares, your shares will be voted FOR the adoption of the amended and restated merger agreement, FOR the amendment to Dynabazaar's certificate of incorporation to change the corporate name and FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board of directors.

Admission to the Special Meeting

Only Dynabazaar stockholders as of the close of business June 19, 2007, and other persons holding valid proxies for the special meeting are entitled to attend the Dynabazaar special meeting. Dynabazaar stockholders

and their proxies must present valid government-issued photo identification to attend the special meeting. Dynabazaar stockholders who are not record holders but hold shares through a broker, bank or other nominee (i.e., in street name) should provide proof of beneficial ownership on the Dynabazaar record date, such as their most recent account statement prior to June 19, 2007, or other similar evidence of ownership. Anyone who does not provide valid government-issued photo identification or comply with the other procedures outlined above upon request may not be admitted to the special meeting.

Record Date and Stockholders Entitled to Vote

Stockholders Entitled to Vote. Only holders of Dynabazaar common stock at the close of business on June 19, 2007, the Dynabazaar record date, are entitled to notice of and to vote at the Dynabazaar special meeting. On the Dynabazaar record date, approximately 23,691,756 shares of Dynabazaar common stock were issued and outstanding and there were approximately 178 holders of record. Dynabazaar stockholders on the Dynabazaar record date are each entitled to one vote per share of Dynabazaar common stock on each proposal.

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Registered Stockholders. If your shares are registered directly in your name with Dynabazaar's transfer agent, you are considered, with respect to those shares, the stockholder of record, and these proxy materials are being sent to you by Dynabazaar. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the special meeting.

Street Name Stockholders. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. These proxy materials are being forwarded to you by your broker or nominee, who is considered, with respect to those shares, the record holder. As the beneficial owner, you have the right to direct your broker or nominee how to vote, and you are also invited to attend the special meeting. However, since you are not the record holder, you may not vote these shares in person at the special meeting unless you follow your broker's procedures for obtaining a legal proxy. Your broker or nominee has enclosed a voting instruction card for you to use.

A complete list of the stockholders entitled to vote at the special meeting will be available for examination by any stockholder for any purpose germane to the special meeting, during ordinary business hours for a period of at least 10 days prior to the special meeting, at the offices of Dynabazaar, Inc., 888 Seventh Avenue, 17th Floor, New York, New York 10019. Such list will also be available for examination at the special meeting.

How You Can Vote

Registered Stockholders

Registered stockholders may vote in person at the special meeting or by completing, signing and dating the enclosed proxy card and returning it in the prepaid envelope provided.

Street Name Stockholders

If your shares are held by a broker, bank or other nominee, you must follow the instructions on the form you receive from your broker, bank or other nominee in order for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must request a legal proxy from the bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the special meeting to vote your shares.

Based on the instructions provided by the broker, bank or other holder of record of their shares, street name stockholders may generally vote by one of the following methods:

By Mail. You may vote by signing, dating and returning your voting instruction card in the enclosed pre-addressed envelope; or

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In Person With a Proxy from the Record Holder. A street name stockholder who wishes to vote at the meeting will need to obtain a legal proxy from his or her bank or brokerage firm. Please consult the voting instruction card sent to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the special meeting.

Stockholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account may receive a separate voting instruction card for each brokerage account in which shares are held. Stockholders of record whose shares are registered in more than one name will receive more than one proxy card. In addition, L Q Corporation is also soliciting votes for its special meeting in order to obtain L Q Corporation stockholder approval of the adoption of the amended and restated merger agreement and stockholders who own shares of both L Q Corporation and Dynabazaar will also receive a proxy or voting instruction card from L Q Corporation. Please note that a vote in connection with the merger for the Dynabazaar special meeting will not constitute a vote in connection with the L Q Corporation special meeting, and vice versa. Therefore, the Dynabazaar board of directors urges Dynabazaar stockholders to complete, sign, date and return each proxy card and voting instruction card they receive for the Dynabazaar special meeting.

Adjournment and Postponement

Dynabazaar's bylaws provide that a special meeting of stockholders may be adjourned by the presiding officer if a quorum is not present or represented at any meeting of Dynabazaar's stockholders, if the board determines that adjournment is necessary or appropriate to enable the stockholders to consider fully information which the board determines has not been made sufficiently or timely available to stockholders, or the board determines that adjournment is otherwise in the best interests of the Corporation. When a special meeting is adjourned to another time,

date or place, notice need not be given of the adjourned meeting if the time, date and place thereof are announced at the special meeting at which the adjournment is taken. At the adjourned special meeting, Dynabazaar may transact any business which might have been transacted at the original special meeting. If the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned special meeting, a notice of the adjourned special meeting shall be given to each stockholder of record entitled to vote at the special meeting.

Required Vote, Quorum, Abstentions and Broker Non-Votes

A quorum of Dynabazaar stockholders is required to transact business at the special meeting of Dynabazaar stockholders. A majority of the shares of Dynabazaar common stock issued and outstanding and entitled to vote on the record date must be present in person or by proxy at the Dynabazaar special meeting in order for a quorum to be established. Dynabazaar's transfer agent, Computershare Trust Company, will act as inspector of elections at the special meeting and will ascertain whether a quorum is present, tabulate the votes and determine the voting results on all matters presented to the Dynabazaar stockholders at the special meeting. If a quorum is not present, Dynabazaar expects that the Dynabazaar special meeting will be adjourned to allow additional time to obtain additional proxies or votes, and at any subsequent reconvening of the Dynabazaar special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the reconvening of the Dynabazaar special meeting.

If you hold shares of Dynabazaar common stock in street name through a bank, broker or other nominee holder, the nominee holder may only vote your shares in accordance with your instructions. If you do not give specific instructions to your nominee holder as to how you want your shares voted, your nominee will indicate that it does not have authority to vote on the proposal, which will result in what is called a broker non-vote. All shares of Dynabazaar common stock represented at the Dynabazaar special meeting, including broker non-votes and abstentions, will be counted for purposes of determining the presence of a quorum.

The affirmative vote of a majority of the outstanding shares of Dynabazaar common stock entitled to vote at the special meeting must vote FOR the adoption of the amended and restated merger agreement and FOR the amendment to Dynabazaar's certificate of incorporation to change the corporation's name. The affirmative vote of not less than 75% of the outstanding shares of Dynabazaar common stock entitled to vote at the special meeting

must vote FOR the amendment to Dynabazaar's certificate of incorporation to declassify the board. Abstentions will have the same effect as a vote against the proposals. Failure to vote and broker non-votes will have no effect on the proposals, other than making it more difficult for Dynabazaar to achieve a quorum at the special meeting.

Voting by Dynabazaar Directors and Executive Officers

As of the record date, Dynabazaar's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote approximately 2,967,775 shares of Dynabazaar common stock, or 12.53% of the outstanding shares of Dynabazaar common stock.

Certain of Dynabazaar's directors and executive officers are employed by, or otherwise affiliated with, Barington. Furthermore, Barington and certain of its affiliates collectively owned approximately 11.03% of the outstanding common stock of Dynabazaar as of June 19, 2007. Pursuant to a letter agreement dated February 26, 2007, Barington has agreed to vote, and to cause its affiliates to vote, all of the shares of Dynabazaar common stock now owned or hereafter acquired by Barington and its affiliates in favor of the transaction, in proportion to the votes of the other stockholders of Dynabazaar. For additional information on Dynabazaar's relationship with Barington, see the section entitled Information About Dynabazaar, Inc. Certain Relationships and Related Transactions, and Director Independence beginning on page 111 of this joint proxy statement/prospectus.

Revoking Your Proxy

You may change your vote or revoke your proxy at any time before the proxy is voted at the Dynabazaar special meeting by:

delivering a signed, written and dated notice to the Secretary of Dynabazaar at Dynabazaar's principal executive offices before the special meeting stating that you would like to revoke your proxy;

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delivering to the Secretary of Dynabazaar a valid, duly executed proxy relating to the same shares and bearing a later date (which automatically revokes any earlier proxy); or

voting in person at the Dynabazaar special meeting. Your attendance alone will not revoke your proxy.

If you hold shares through a bank, broker or other nominee, you must contact your financial institution, broker or nominee for information on how to revoke your proxy or change your vote. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

Written notices of revocation to the Secretary of Dynabazaar should be addressed to Secretary, Dynabazaar, Inc., 888 Seventh Avenue, 17th Floor, New York, New York 10019.

If you hold your shares in street name, you must give new instructions to your broker prior to the special meeting or obtain a signed legal proxy from the broker to revoke your prior instructions and vote in person at the meeting.

Any Dynabazaar stockholder who has a question about the merger or the adoption of the amended and restated merger agreement, or how to vote or revoke a proxy, or who wishes to obtain additional copies of this joint proxy statement/prospectus, should contact Dynabazaar's proxy solicitor, D.F. King, Inc. & Co., at 1-800-676-7437 or email them at webmaster@dfking.com.

Other Matters

Other than the proposals described in this joint proxy statement/prospectus, the Dynabazaar board of directors is not aware of any other business to be brought before the Dynabazaar special meeting or any adjournment or postponement of the special meeting. If, however, other matters are properly brought before the Dynabazaar special meeting (including any proposal to adjourn the special meeting) or an adjournment or postponement thereof,

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the persons appointed as proxies will have discretionary authority to vote the shares of Dynabazaar common stock represented by duly executed proxies in accordance with their discretion and judgment.

Solicitation of Proxies and Expenses

Dynabazaar and L Q Corporation will each pay the expenses it incurs in connection with the filing, printing and mailing of this joint proxy statement/prospectus, unless the merger is not consummated, in which case such expenses will be shared equally. Dynabazaar will be responsible for any fees incurred in connection with the solicitation of proxies for the Dynabazaar special meeting. In addition to solicitation by mail, the directors, officers, employees and agents of Dynabazaar may solicit proxies from Dynabazaar stockholders by telephone or other electronic means or in person. Brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting materials to the beneficial owners of shares held of record by these persons, and Dynabazaar will reimburse them for their reasonable out-of-pocket expenses in sending proxy materials to beneficial owners. Dynabazaar plans to retain D.F. King & Co. to assist it in soliciting proxies, and has agreed to pay a fee of approximately \$5,000 for these services, plus out-of-pocket expenses. Dynabazaar also may use several of its regular employees, who will not be specially compensated, to solicit proxies from Dynabazaar stockholders, either personally or by telephone, Internet, telegram, facsimile or special delivery letter.

Stockholders Sharing an Address

Dynabazaar has adopted a procedure approved by the Securities and Exchange Commission called householding. Under this procedure, a householding notice will be sent to Dynabazaar stockholders who have the same address and last name and do not participate in electronic delivery of proxy materials, and they will receive only one copy of this joint proxy statement/prospectus unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. Each Dynabazaar stockholder who participates in householding will continue to receive a separate proxy card. If any stockholders in your household wish to receive a separate joint proxy statement/prospectus, they may call Dynabazaar's Investor Relations group at (212) 974-5730 or write to Investor Relations, Dynabazaar, Inc., 888 Seventh Avenue, 17th Floor, New York, New York 10019. Other Dynabazaar stockholders who have multiple accounts in their names or who share an address with other stockholders can authorize Dynabazaar to discontinue mailings of multiple copies of the joint proxy statement/prospectus by calling or writing to Dynabazaar's Investor Relations group.

THE SPECIAL MEETING OF L Q CORPORATION STOCKHOLDERS

General

L Q Corporation is furnishing this joint proxy statement/prospectus to L Q Corporation stockholders in connection with the solicitation of proxies by the L Q Corporation board of directors for use at the special meeting of L Q Corporation stockholders, including any adjournment or postponement of the special meeting.

Date, Time and Place of the Special Meeting

L Q Corporation will hold a special meeting of its stockholders at the offices of Kramer Levin Naftalis & Frankel LLP located at 1177 Avenue of the Americas, New York, NY 10026 on July 26, 2007 at 10:00 a.m. Eastern time.

Purpose of the L Q Corporation Special Meeting

At the L Q Corporation special meeting, including any adjournment or postponement thereof, L Q Corporation stockholders will be asked to consider and vote upon and approve the adoption of the amended and restated merger agreement.

A copy of the Amended and Restated Agreement and Plan of Merger, dated as of February 26, 2007, by and among Dynabazaar, Inc., LQ Merger Corp., a Delaware corporation and a direct, wholly-owned subsidiary of Dynabazaar, and L Q Corporation, Inc. is attached to this joint proxy statement/prospectus as Annex A. L Q Corporation stockholders are encouraged to read the amended and restated merger agreement in its entirety.

THE MATTERS TO BE CONSIDERED AT THE L Q CORPORATION SPECIAL MEETING ARE OF GREAT IMPORTANCE TO L Q CORPORATION STOCKHOLDERS. ACCORDINGLY, L Q CORPORATION STOCKHOLDERS ARE URGED TO READ AND CAREFULLY CONSIDER THE INFORMATION PRESENTED IN THIS JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER INFORMATION INCORPORATED BY REFERENCE HEREIN, AND TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED PRE-ADDRESSED POSTAGE-PAID ENVELOPE.

Recommendation of the L Q Corporation Board of Directors

After careful consideration, the L Q Corporation board of directors has unanimously determined that the merger and the adoption of the amended and restated merger agreement are advisable and fair to, and in the best interests of, L Q Corporation and its stockholders. **The L Q Corporation board of directors unanimously recommends that the L Q Corporation stockholders vote FOR the proposal to adopt the amended and restated merger agreement.**

In considering such recommendation, L Q Corporation stockholders should be aware that some L Q Corporation directors and officers have interests in the merger that are different from, or in addition to, those of L Q Corporation stockholders generally. See the section entitled "The Merger - Interests of L Q Corporation Directors and Officers in the Merger" beginning on page 75.

If your submitted proxy card does not specify how you want to vote your shares, your shares will be voted FOR the proposal to adopt the amended and restated merger agreement.

Admission to the Special Meeting

Only L Q Corporation stockholders as of the close of business on June 19, 2007, and other persons holding valid proxies for the special meeting are entitled to attend the L Q Corporation special meeting. L Q Corporation stockholders and their proxies should be prepared to present valid government-issued photo identification. L Q Corporation stockholders who are not record holders but hold shares through a broker or nominee

(i.e., in street name) should provide proof of beneficial ownership on the record date for the L Q Corporation special meeting, such as their most recent account statement prior to June 19, 2007, or other similar evidence of ownership. Anyone who does not provide valid government-issued photo identification or comply with the other procedures outlined above upon request may not be admitted to the special meeting.

Record Date and Stockholders Entitled to Vote

Record Holders. Record holders of L Q Corporation common stock at the close of business on June 19, 2007 may vote at the special meeting. On June 19, 2007, L Q Corporation had 3,214,408 outstanding shares of common stock, which were held by approximately 47 record holders.

Registered Stockholders. If your shares are registered directly in your name with L Q Corporation's transfer agent, Computershare Trust Company, you are considered, with respect to those shares, the stockholder of record, and these proxy materials are being sent to you by L Q Corporation. As the stockholder of record, you have the right to grant your voting proxy directly to L Q Corporation or to vote in person at the special meeting.

Street Name Stockholder. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. These proxy materials are being forwarded to you by your broker or nominee, who is considered, with respect to those shares, the record holder. As the beneficial owner, you have the right to direct your broker or nominee how to vote, and you are also invited to attend the special meeting. However, since you are not the record holder, you may not vote these shares in person at the special meeting unless you follow your broker's procedures for obtaining a legal proxy. Your broker or nominee has enclosed a voting instruction card for you to use.

A complete list of the stockholders entitled to vote at the special meeting will be available for examination by any stockholder for any purpose germane to the special meeting, during ordinary business hours for a period of at least 10 days prior to the special meeting, at the offices of L Q Corporation, Inc., 888 Seventh Avenue, 17th Floor, New York, New York 10019. Such list will also be available for examination at the special meeting.

How You Can Vote

You can only vote your shares if you are either represented by proxy or eligible to vote your shares in person at the special meeting. You can submit your proxy by mail, by completing, signing and dating the enclosed proxy card and returning it in the prepaid envelope provided.

If you hold shares through a bank, broker or other nominee, please provide your voting instructions by mail in accordance with the instructions contained on your voting instruction card. If you return a properly signed proxy card, the persons appointed as proxies will vote your shares as you direct.

Stockholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account may receive a separate voting instruction card for each brokerage account in which shares are held. Stockholders of record whose shares are registered in more than one name will receive more than one proxy card. In addition, Dynabazaar is also soliciting votes for its special meeting in order to obtain Dynabazaar stockholder approval of, among other things, the adoption of the amended and restated merger agreement, and stockholders who own shares of both L Q Corporation and Dynabazaar will also receive a proxy or voting instruction card from Dynabazaar. Please note that a vote for the proposal to adopt the amended and restated merger agreement for the Dynabazaar special meeting will not constitute a vote for the proposal to adopt the amended and restated merger agreement for the L Q Corporation special meeting, and vice versa. Therefore, the L Q Corporation board of directors urges L Q Corporation stockholders to complete, sign, date and return each proxy card and voting instruction card they receive for the L Q Corporation special meeting.

Adjournment and Postponement

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L Q Corporation's bylaws provide that a special meeting of the stockholders may be adjourned from time to time by either the chairman of the meeting or the stockholders entitled to vote thereat, present in person or represented by proxy. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, L Q Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned special meeting, a notice of the adjourned special meeting shall be given to each stockholder of record entitled to vote at the special meeting.

Required Vote, Quorum, Abstentions and Broker Non-Votes

A quorum of L Q Corporation stockholders is required to transact business at the special meeting of L Q Corporation stockholders. A majority of the shares of L Q Corporation common stock issued and outstanding and entitled to vote on the record date must be present in person or by proxy at the L Q Corporation special meeting in order for a quorum to be established. L Q Corporation's transfer agent, Computershare Trust Company, will act as inspector of elections at the special meeting and will ascertain whether a quorum is present, tabulate the votes and determine the voting results on all matters presented to the L Q Corporation stockholders at the special meeting. If a quorum is not present, L Q Corporation expects that the L Q Corporation special meeting will be adjourned to allow additional time to obtain additional proxies or votes, and at any subsequent reconvening of the L Q Corporation special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the reconvening of the L Q Corporation special meeting.

If you hold shares of L Q Corporation common stock in street name through a bank, broker or other nominee holder, the nominee holder may only vote your shares in accordance with your instructions. If you do not give specific instructions to your nominee holder as to how you want your shares voted, your nominee will indicate that it does not have authority to vote on the proposal, which will result in what is called a broker non-vote. All shares of L Q Corporation common stock represented at the L Q Corporation special meeting, including broker non-votes and abstentions, will be counted for purposes of determining the presence of a quorum.

The affirmative vote of a majority of the outstanding shares of L Q Corporation common stock entitled to vote at the special meeting must vote **FOR** the adoption of the amended and restated merger agreement. Abstentions will have the same effect as a vote against the proposal. Failure to vote and broker non-votes will have no effect on the proposal, other than making it more difficult for L Q Corporation to achieve a quorum at the special meeting.

Voting by L Q Corporation Directors and Executive Officers

As of the record date, L Q Corporation's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote 108,391 shares of L Q Corporation common stock, or 3.37% of the total outstanding shares of L Q Corporation common stock.

Certain of L Q Corporation's directors and executive officers are employed by, or otherwise affiliated with, Barington. Furthermore, Barington and certain of its affiliates collectively owned approximately 15.39% of the outstanding common stock of L Q Corporation as of June 19, 2007. Pursuant to a letter agreement dated February 26, 2007, Barington has agreed to vote, and to cause its affiliates to vote, all of the shares of L Q Corporation common stock now owned or hereafter acquired by Barington and its affiliates in favor of the transaction, in proportion to the votes of the other stockholders of L Q Corporation. For additional information on L Q Corporation's relationship with Barington, see the section entitled **Information About L Q Corporation, Inc. Certain Relationships and Related Transactions, and Director Independence** beginning on page 136 of this joint proxy statement/prospectus.

Revoking Your Proxy

You can change your vote or revoke your proxy at any time before the final vote at the special meeting by:

deliver a signed, written and dated notice to the Secretary of L Q Corporation at L Q Corporation's principal executive offices before the special meeting stating that you would like to revoke your proxy;

deliver to the Secretary of L Q Corporation a valid, duly executed proxy relating to the same shares and bearing a later date (which automatically revokes any earlier proxy); or

vote in person at the special meeting. Your attendance alone will not revoke your proxy.

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If you hold shares through a bank, broker or other nominee, you must contact your financial institution, broker or nominee for information on how to revoke your proxy or change your vote. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

Written notices of revocation to the Secretary of L Q Corporation should be addressed to Secretary, L Q Corporation, Inc., 888 Seventh Avenue, 17th Floor, New York, New York 10019.

If you hold your shares in street name, you must give new instructions to your broker prior to the special meeting or obtain a signed legal proxy from the broker to revoke your prior instructions and vote in person at the meeting.

Any L Q Corporation stockholder who has a question about the merger or the adoption of the amended and restated merger agreement, or how to vote or revoke a proxy, or who wishes to obtain additional copies of this joint proxy statement/prospectus, should contact L Q Corporation's proxy solicitor, D.F. King, Inc. & Co., at 1-800-676-7437 or email them at webmaster@dfking.com.

Other Matters

Other than the proposal described in this joint proxy statement/prospectus, the L Q Corporation board of directors knows of no other matters to be acted upon at the special meeting. If any other matter should be duly presented at the special meeting upon which a vote properly may be taken, shares represented by all proxies received by L Q Corporation will be voted with respect thereto in accordance with the judgment of the persons named as attorneys in the proxies.

Solicitation of Proxies and Expenses

Dynabazaar and L Q Corporation will each pay the expenses it incurs in connection with the filing, printing and mailing of this joint proxy statement/prospectus, unless the merger is not consummated, in which case such expenses will be shared equally. L Q Corporation will be responsible for any fees incurred in connection with the solicitation of proxies for the L Q Corporation special meeting. In addition to solicitation by mail, the directors, officers, employees and agents of L Q Corporation may solicit proxies from L Q Corporation stockholders by telephone or other electronic means or in person. Some of these individuals may have interests in the merger that are different from, or in addition to, the interests of L Q Corporation stockholders generally. See the section entitled "The Merger - Interests of L Q Corporation Directors and Officers in the Merger" on page 75. Brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting materials to the beneficial owners of shares held of record by these persons, and L Q Corporation will reimburse them for their reasonable out-of-pocket expenses in sending proxy materials to beneficial owners. L Q Corporation has made arrangements with D.F. King & Co. to assist it in soliciting proxies, and has agreed to pay a fee of approximately \$5,000 for these services. L Q Corporation also may use several of its regular employees, who will not be specially compensated, to solicit proxies from L Q Corporation stockholders, either personally or by telephone, Internet, telegram, facsimile or special delivery letter.

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Stockholders Sharing an Address

L Q Corporation stockholders sharing an address with another stockholder may receive only one set of proxy materials at that address unless they have provided contrary instructions. Any such stockholder who wishes to receive a separate set of proxy materials now or in the future may write or call L Q Corporation to request a separate copy of these materials as follows: Secretary of L Q Corporation, 888 Seventh Avenue, 17th Floor, New York, New York 10019, or Investor Relations at (212) 974-5730.

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THE MERGER

The following is a description of the material aspects of the proposed merger and related transactions. The following description may not contain all of the information that is important to you. You should read this entire joint proxy statement/prospectus, including the section entitled

Risk Factors beginning on page 16, and the other documents we refer to carefully for a more complete understanding of the merger and the related transactions.

Background of the Merger

During 2006, Dynabazaar and L Q Corporation each individually reviewed their respective strategic plans, including, among other things, opportunities for consolidation with complementary businesses. On July 19, 2006, Sebastian E. Cassetta, the Chief Executive Officer of both L Q Corporation and Dynabazaar's Costar Video Systems, LLC (Costar) subsidiary, introduced representatives of Costar to representatives of Sielox, LLC (Sielox), a subsidiary of L Q Corporation. While Sielox and Costar do not compete in any material respect, the products of both companies are sold to customers in the same industry. At such meeting, the representatives of the two companies identified a number of mutually beneficial potential business opportunities between the companies.

Between July 25, 2006 and September 15, 2006, representatives of Sielox and Costar began to discuss various mutually beneficial potential business opportunities between the companies. During this period, Sielox and Costar agreed to share a trade show booth and related expenses at a trade show being held in San Diego, California. In addition, a strategic distribution agreement was entered into between Sielox and Costar dated July 31, 2006 pursuant to which Sielox was appointed as an authorized distributor of certain products of Costar.

During this period, representatives of Sielox and Costar also began discussing the terms of a possible strategic alliance agreement between the companies. Such discussions took place pursuant to a confidentiality agreement entered into between the parties dated July 31, 2006.

On September 8, 2006, the Boards of Directors of L Q Corporation and Dynabazaar each approved the execution of a strategic alliance agreement (the Strategic Alliance Agreement), authorizing the commencement of non-binding discussions between representatives of Sielox and Costar to explore mutually beneficial opportunities to work together, including, without limitation, through a joint venture, joint sales or joint marketing arrangement, or other business arrangement or strategic alliance. The strategic alliance agreement was entered into between Sielox and Costar on September 15, 2006.

At the September 8, 2006 Board of Director meetings, in discussion with management and representatives of Barington, the Board of Directors of each company also began to consider the benefits of a strategic merger between L Q Corporation and Dynabazaar, in light of the likely cost savings at the parent level and synergies at the operating company level of the two companies. At such meetings the Board of Directors of each company authorized Barington to prepare and present a report to the respective Boards regarding the potential merger opportunity and to assist each company in considering the contemplated opportunity, including potential synergies and cost savings.

By memorandum dated September 13, 2006, Barington presented to the Board of Directors of Dynabazaar its report with respect to a possible business combination between Dynabazaar and L Q Corporation. A similar memorandum was presented by Barington to the Board of Directors of L Q Corporation dated September 14, 2006.

The Board of Directors of Dynabazaar unanimously agreed that it would be desirable and in the best interests of the company and its stockholders to consider such a business combination. However, Dynabazaar's Board also recognized that Barington might be deemed to have an interest in the contemplated transaction as (a) Barington and a group of certain other investors collectively owned greater than 10% of the outstanding common stock of both L Q Corporation and Dynabazaar, (b) certain executive officers of Barington currently served as directors and/or executive officers of L Q Corporation and Dynabazaar, and (c) Barington was party to separate administrative services agreements with L Q Corporation and Dynabazaar pursuant to which Barington performed certain administrative, accounting and other services on behalf of each company. Therefore, in light of Barington's interest in the contemplated business combination, Dynabazaar's Board established, by resolution dated as of

September 29, 2006, a special committee of independent directors of the Dynabazaar Board (the Dynabazaar Special Committee) who are not directly or indirectly affiliated with Barington to review and evaluate the contemplated business combination and to take certain other actions with respect to the contemplated transaction. The Board of Directors of L Q Corporation similarly authorized by unanimous written consent the formation of a special committee of independent directors of the L Q Corporation Board (the L Q Corporation Special Committee) who are not directly or indirectly affiliated with Barington to review and consider a strategic transaction with Dynabazaar by resolution dated as of October 2, 2006.

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By resolution dated as of October 4, 2006, the Dynabazaar Special Committee authorized the execution and delivery of a confidentiality agreement with L Q Corporation to permit the sharing of certain confidential information between the companies. Similarly, by resolution dated as of October 4, 2006, the members of the L Q Corporation Special Committee authorized the execution and delivery of a confidentiality agreement with Dynabazaar for the same purpose. On October 5, 2006, Dynabazaar and L Q Corporation entered into a confidentiality agreement to permit the exchange of confidential information between the parties, including financial information and projections.

By resolution dated as of October 10, 2006 and October 11, 2006, the members of the L Q Corporation Special Committee and Dynabazaar Corporation Special Committee, respectively, authorized and directed Barington to collect and consolidate such information on behalf of each company that it believed relevant for the consideration of the contemplated transaction and to deliver such information to the special committees of each company.

On October 11, 2006, Barington delivered to the Dynabazaar Special Committee and the L Q Corporation Special Committee a memorandum setting forth certain financial data concerning each company, including historical and projected data of the operating units of each company, combined consolidated projections for Costar and Sielox, and combined consolidated projections for Dynabazaar and L Q Corporation.

On November 30, 2006, the L Q Corporation Special Committee entered into an engagement agreement with Rodman & Renshaw to engage Rodman & Renshaw to serve as its financial advisor.

On December 11, 2006, the Dynabazaar Special Committee similarly entered into an engagement agreement with Susquehanna to engage Susquehanna to serve as its financial advisor.

On December 11, 2006, L Q Corporation Special Committee entered into an engagement agreement with Norris McLaughlin & Marcus, PA, a law firm (Norris McLaughlin), to engage Norris McLaughlin to serve as its special legal counsel.

Similarly, on December 12, 2006, the Dynabazaar Special Committee entered into an engagement agreement with Bryan Cave LLP, a law firm (Bryan Cave), to engage Bryan Cave to serve as its special legal counsel.

On December 15, 2006, the Dynabazaar Special Committee held a meeting, including counsel from Bryan Cave. During such meeting, among other things, the Dynabazaar Special Committee discussed the contemplated transaction, including the background of the business combination, the contemplated transaction structure and the anticipated benefits of the transaction. In addition, the Dynabazaar Special Committee members confirmed the independence of its members as well as the committee's belief that Susquehanna was qualified and appropriate to serve as its financial advisor. Bryan Cave also reviewed with the Dynabazaar Special Committee the fiduciary duties of the committee's members.

Later on December 15, 2006, the Dynabazaar Special Committee held a meeting with representatives of Susquehanna to review Susquehanna's presentation on the valuation of the contemplated transaction. Susquehanna reviewed the components of its analysis as well as its preliminary conclusions concerning a potential range of exchange ratios for the exchange of common stock of the two companies. The members of the Dynabazaar Special Committee asked a number of questions and requested that Susquehanna continue their financial due diligence. Following extensive discussion, the members of the Dynabazaar Special Committee authorized Susquehanna to begin negotiating on behalf of the Dynabazaar Special Committee an exchange ratio with the financial advisor of L

Q Corporation. The Dynabazaar Special Committee informed Susquehanna that such negotiated exchange ratio must fall within the range discussed at the meeting and would remain subject to final review and approval by the Dynabazaar Special Committee. A representative of Barington who performs legal services on behalf of Dynabazaar and the Board pursuant to the administrative services agreement then reviewed with the committee a term sheet describing certain proposed terms of the contemplated merger transaction. Following discussion, the Dynabazaar Special Committee unanimously authorized the law firm of Kramer Levin Naftalis & Frankel LLP (Kramer Levin), which had acted as corporate counsel to both Dynabazaar and L Q Corporation, to prepare a preliminary draft of a merger agreement in accordance with the terms presented to the Dynabazaar Special Committee for review and consideration by the members of the Dynabazaar Special Committee as a basis for negotiation between the two committees and their respective independent counsel and financial advisors.

On December 16, 2006, the L Q Corporation Special Committee held a meeting with representatives from Norris McLaughlin to confirm the independence of Rodman & Renshaw and Norris McLaughlin and to discuss the duties and obligations of the committee members.

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Following this meeting, the L Q Corporation Special Committee met with representatives of Rodman & Renshaw to review Rodman & Renshaw's presentation on the valuation of the contemplated transaction. Rodman & Renshaw reviewed with the special committee in detail the analysis and valuation methods utilized to calculate the exchange ratio. The members of the committee asked a number of questions and requested certain supplemental information concerning its analysis. A representative from Barington then discussed with the L Q Corporation Special Committee a proposed outline of other material terms of the contemplated merger transaction. Following discussion, the L Q Corporation Special Committee unanimously authorized the law firm of Kramer Levin to prepare a draft merger agreement for the committee's review in accordance with the terms presented to the committee as a basis for negotiation between the two committees and their respective independent counsel and financial advisors.

On the morning of December 18, 2006, the L Q Corporation Special Committee held a meeting during which the committee and its counsel reviewed a presentation of Rodman & Renshaw regarding its valuation of the proposed Dynabazaar and L Q Corporation business combination. During the meeting, members of the committee had a number of questions concerning the Rodman & Renshaw presentation. The committee members and representatives of Rodman & Renshaw decided to reconvene later in the day at which point Rodman & Renshaw would present a revised presentation that addressed the concerns of the members of the committee.

At a reconvened meeting in the afternoon on December 18, 2006, the L Q Corporation Special Committee reviewed the revised presentation of Rodman & Renshaw. Following detailed discussion concerning the presentation, the L Q Corporation Special Committee unanimously authorized Rodman & Renshaw to begin to negotiate a mutually acceptable exchange ratio with the financial advisor to the Dynabazaar Special Committee, subject to certain parameters identified by the L Q Corporation Special Committee.

On December 21, 2006, the Dynabazaar Special Committee met with Bryan Cave to discuss certain aspects of the special committee process, as well as certain issues on the merger agreement. Following this discussion, representatives of Susquehanna joined the meeting and gave a presentation to the Dynabazaar Special Committee and its counsel with respect to the proposed business combination with L Q Corporation. During the meeting, the representatives of Susquehanna reviewed, among other things, a draft fairness opinion from Susquehanna. The representatives of Susquehanna indicated that they believed that the proposed exchange ratio reflected in the documents was fair from a financial point of view to Dynabazaar and its stockholders. The representatives of Susquehanna described the financial analyses performed by the firm to reach that conclusion.

The Dynabazaar Special Committee next reviewed with representatives of Kramer Levin a draft merger agreement and a summary thereof prepared by Kramer Levin on behalf of both companies. The Dynabazaar Special Committee and Bryan Cave then requested that specific changes to the merger agreement be reflected in a revised version of the merger agreement which would be submitted to L Q Corporation for its approval.

During the meeting, Bryan Cave asked Barington to confirm that they would be willing to enter into a voting agreement pursuant to which Barington would agree to vote its shares in Dynabazaar, as well as its shares in L Q Corporation, in direct proportion to the vote of other unaffiliated shareholders, thereby assuring that Barington was not in a position to unduly influence the outcome of the merger vote. Barington confirmed that it intended to

enter into such a voting agreement, and representatives of Kramer Levin were requested to prepare a preliminary draft of such agreement for review by Bryan Cave in the near future.

The members of the Dynabazaar Special Committee asked questions concerning the impact of the merger on the outstanding options held by members of Dynabazaar's management and the Board of Directors. They also asked Susquehanna to review information regarding outstanding options for both constituent corporations and advise the Dynabazaar Special Committee whether such options should or should not impact the proposed merger exchange ratio.

Following further extensive discussion, the Dynabazaar Special Committee unanimously resolved to recommend the proposed merger with L Q Corporation to Dynabazaar's full Board of Directors, subject to the discussed non-material modifications to the merger agreement being reviewed and approved by the Chairman of the Special Committee.

The Board of Directors of Dynabazaar met following the meeting of the Dynabazaar Special Committee on December 21, 2006. At the meeting, the Board received a detailed summary of the contemplated transaction being presented to the Board, including but not limited to the structure of the proposed transaction, along with a report from the Dynabazaar Special Committee. At the meeting, Susquehanna also made a presentation to the Board, during which they reviewed with the Board their written presentation which included a description of the financial

analysis conducted by Susquehanna. Susquehanna also reviewed with the Board a draft of Susquehanna's fairness opinion, in which Susquehanna opined as to the fairness of the proposed exchange ratio to Dynabazaar and its stockholders. Finally, representatives of Susquehanna answered various questions of the Board concerning Susquehanna's analysis and its fairness opinion. Among other things, the request by the Dynabazaar Special Committee to see the impact of outstanding stock options on the analysis of Susquehanna was discussed, which the Board agreed should be considered.

A representative of Kramer Levin next reviewed in detail the terms of the proposed merger agreement and an executive summary of certain terms thereof with the Board. The Board also reviewed a summary of steps for preparation and filing of a joint proxy statement/prospectus in order to obtain stockholder approval if the contemplated transaction is approved by the Board. The Board also reviewed a proposed press release for the contemplated transaction and discussed the mechanism for announcing the proposed transaction if approved by the Board. The Board also considered other issues to be voted upon at a special meeting of stockholders. In addition, the Board reviewed and approved the engagement of Barington by the Dynabazaar Special Committee to provide assistance to Dynabazaar in connection with the proposed transaction, and authorized the execution of an engagement agreement that had been previously distributed to the Board. Finally, the Board indicated its willingness to continue to consider and pursue the contemplated transaction, subject to the satisfactory resolution of the outstanding issues identified by the Dynabazaar Special Committee, and authorized the Chairman of the Board and the Dynabazaar Special Committee to oversee the resolution of such issues.

On December 21, 2006, the L Q Corporation Special Committee held a meeting during which the committee and Norris McLaughlin received a presentation from representatives of its financial advisors, Rodman & Renshaw, as to its conclusions with respect to the proposed business combination. During the meeting, the representatives of Rodman & Renshaw reviewed with the members of the committee a revised presentation as to the valuation of Dynabazaar and L Q Corporation and Rodman & Renshaw's recommendation as to the exchange ratio that should be utilized in connection with the contemplated merger. Following discussion, the members of the committee agreed with Rodman & Renshaw's recommended exchange ratio and agreed to recommend the same to the full Board of Directors of L Q Corporation.

The L Q Corporation Special Committee next reviewed with representatives of Kramer Levin the draft of the proposed merger agreement and an executive summary of certain terms of the agreement. Members of the committee and Norris McLaughlin considered and discussed in detail a number of issues pertaining to the merger agreement and recommended certain specific changes be made to the draft merger agreement to be reflected in a revised version of the merger agreement which would be submitted to Dynabazaar for its approval.

During the meeting, Norris McLaughlin asked Barington to confirm that they would be willing to enter into a voting agreement pursuant to which Barington would agree to vote its L Q Corporation shares, as well as its shares

Dynabazaar, in direct proportion to the vote of other unaffiliated shareholders, thereby assuring that Barington was not in a position to unduly influence the outcome of the merger vote. Barington confirmed that it intended to enter into such agreement, and the members of the L Q Corporation Special Committee requested that this fact be memorialized in the merger agreement.

Following further discussion, the L Q Corporation Special Committee unanimously resolved to recommend to the full Board of Directors of L Q Corporation the execution of the proposed merger agreement with Dynabazaar in the form presented at the meeting along with the changes discussed, subject to a final review of the agreement by the Chairman of the Special Committee.

Following the meeting of the L Q Corporation Special Committee, the full Board of Directors of L Q Corporation also met on December 21, 2006. At the meeting, a detailed summary of the contemplated transaction was given to the Board. A representative of Rodman & Renshaw then made a presentation to the Board during which he reviewed with the Board the presentation materials of Rodman & Renshaw, which included a summary of the financial analysis conducted by Rodman & Renshaw, the recommended weight to be given to the relative components of its analysis and the proposed exchange ratio. The representative also reviewed with the Board a draft fairness opinion of Rodman & Renshaw in which Rodman & Renshaw was prepared to opine as to the fairness of the contemplated transaction to L Q Corporation's stockholders at the contemplated exchange ratio, as well as answered the director's questions.

A representative from Norris McLaughlin next reviewed the terms of the proposed merger agreement and summary thereof with the Board. He also outlined certain recommended revisions to the merger agreement and described to the Board the rights of the parties and the Board between signing and closing, each party's termination rights and the contemplated break-up fee arrangement. He also informed the Board that Barington had agreed to put in writing its commitment to vote its shares in connection with the merger in proportion to the votes cast by the other stockholders of both Dynabazaar and L Q Corporation.

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In addition, legal counsel of Barington answered certain questions of the Board, including with respect to the breakup fee arrangement contemplated by the merger agreement, and informed the Board of the recommendation of management to change the name of the combined company to reflect the fact that the business will be focused on the security industry. The Board also reviewed a summary of steps for preparation and filing of a joint proxy statement/prospectus and the presentation of the proposed transaction to the stockholders of L Q Corporation for approval if the contemplated transaction is approved by the Board. The Board also reviewed a proposed press release for the contemplated transaction and discussed the contemplated mechanism and SEC filings to publicly announce the proposed transaction if approved by the Board.

The Board reviewed the terms of the proposed engagement of Barington by the L Q Corporation Special Committee, including, without limitation, the compensation arrangement pertaining thereto.

Norris McLaughlin then provided the Board with a summary of the Special Committee's consideration of the transaction and informed the Board that the L Q Corporation Special Committee had approved the exchange ratio and recommends that the Board approve the merger agreement and the transactions contemplated was also informed that the L Q Corporation Special Committee had reviewed and approved the execution and delivery of the Barington engagement agreement by the Chairman of the committee.

Following discussion, the Board reviewed and approved the engagement of Barington by the L Q Corporation Special Committee to provide assistance to L Q Corporation in connection with the proposed transaction, and authorized the execution of an engagement agreement that had been previously distributed to the Board. Additionally, the Board authorized and approved the merger agreement as previously provided to the Board and the transactions contemplated thereby, and authorized the Chairman of the Board to execute the merger agreement with such immaterial changes as the Chairman deems necessary or advisable.

Between December 21, 2006 and December 22, 2006, under the supervision of the Chairman of each company's special committee, the respective financial advisors of Dynabazaar and L Q Corporation obtained information from the chief financial officer of both companies with respect to the number of options outstanding and considered the impact of such information on the exchange ratio for the contemplated transaction. Following

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negotiations between the financial advisors on behalf of the respective special committees, on December 27, 2006, the financial advisors negotiated a modification to the exchange ratio from 3.8 to 1 to 3.65 to 1, to take into account the dilutive economic effect of each company's outstanding stock options.

Also on December 27, 2006, Rodman & Renshaw presented to the L Q Corporation Special Committee and its counsel a revised presentation and fairness opinion. Similarly, Susquehanna then presented to the Dynabazaar Special Committee a revised presentation on December 27, 2006 and a revised fairness opinion on December 28, 2006 stating that the revised exchange ratio is fair from a financial point of view to Dynabazaar and its stockholders.

Between December 21, 2006 and January 4, 2007, representatives of the special committees of both Dynabazaar and L Q Corporation provided comments to the draft merger agreement.

On January 5, 2007, the Dynabazaar Special Committee accepted and approved by unanimous written consent a revised presentation and fairness opinion of Susquehanna, as well as the revised draft of the merger agreement. The Dynabazaar Special Committee then recommended to the Dynabazaar's Board of Directors that it approve the contemplated merger of Dynabazaar and L Q Corporation based on an exchange ratio of 3.65 to 1 and recommended to the Board that it adopt and approve the revised merger agreement.

Similarly, on January 5, 2007, the L Q Corporation Special Committee accepted and approved by unanimous written consent a revised presentation and fairness opinion of Rodman & Renshaw, as well as the revised draft of the merger agreement. The L Q Corporation Special Committee then recommended to the L Q Corporation Board that it approve the contemplated merger based on an exchange ratio of 3.65 to 1 and recommended to the Board that it adopt and approve the revised merger agreement.

On January 5, 2007, the Boards of Directors of both Dynabazaar and L Q Corporation accepted the recommendation of their respective special committees and each determined that it was advisable and in the best interests of each company and their respective stockholders that Dynabazaar and L Q Corporation enter into the merger agreement, which each Board independently adopted and approved. Later on January 5, 2007, Dynabazaar and L Q Corporation executed the merger agreement.

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On January 5, 2007, both Dynabazaar and L Q Corporation entered into separate letter agreements with Barington with respect to the engagement of Barington by each of the Dynabazaar Special Committee and the L Q Corporation Special Committee to provide assistance with respect to the contemplated merger between Dynabazaar and L Q Corporation. Each of Dynabazaar and L Q Corporation agreed to pay Barington a fee of \$100,000, as well as reimburse Barington for all reasonable and documented out-of-pocket expenses incurred by Barington, as compensation for its services.

During the week of January 8, 2007, it came to the attention of Dynabazaar that the list of outstanding Dynabazaar stock option awards used by the financial advisors to both special committees in their exchange ratio analysis was incorrect. A corrected list of the outstanding Dynabazaar stock options was prepared by Dynabazaar on January 12, 2007 and the accuracy of the outstanding L Q Corporation stock options was confirmed. These lists were certified to be accurate by the chief financial officer of both Dynabazaar and L Q Corporation and provided to the financial advisors of the special committees of both companies.

Utilizing the revised stock option information, the financial advisors each informally agreed to recommend on January 16, 2007 that the exchange ratio should be modified from 3.65 to 1 to 3.68 to 1.

On January 17, 2007, Susquehanna provided to the Dynabazaar Special Committee an initial draft of an updated analysis supporting the revised exchange ratio and indicated their willingness to issue a fairness opinion stating that the exchange ratio is fair from a financial point of view to Dynabazaar and its shareholders following receipt of a revised draft of the merger agreement.

Similarly, on January 17, 2007, Rodman & Renshaw provided the L Q Corporation Special Committee with an initial draft of an updated analysis supporting the revised exchange ratio and an initial draft of a fairness opinion stating that the exchange ratio is fair from a financial point of view to the shareholders of L Q Corporation.

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On January 19, 2007, a revised draft of the merger agreement was prepared and delivered to Susquehanna for its review, and on January 22, 2007, Susquehanna prepared an initial draft of an updated fairness opinion, stating that the exchange ratio is fair from a financial point of view to Dynabazaar and its shareholders as of January 5, 2007, the date of the merger agreement. Legal counsel of Barington requested that the opinion be brought down to the date it is being given, rather than be given as of the date of the initial merger agreement. Susquehanna subsequently agreed to do so after it updated its financial analysis.

On February 13, 2007, Susquehanna delivered to the members of the Dynabazaar Special Committee and its counsel a revised presentation and fairness opinion, which stated the exchange ratio is fair from a financial point of view to Dynabazaar and its shareholders as of February 13, 2007, the date of the opinion. Similarly, on February 14, 2007, Rodman & Renshaw delivered to the members of the L Q Corporation Special Committee and its counsel a revised presentation and fairness opinion which stated the exchange ratio is fair from a financial point of view to the shareholders of L Q Corporation as of February 13, 2007, the date of the opinion.

On February 14, 2007, the Dynabazaar Special Committee accepted and approved by unanimous written consent the revised presentation and revised fairness opinion of Susquehanna and recommended that the Dynabazaar's Board of Directors approve the contemplated merger based on an exchange ratio of 3.68 to 1. In addition, the Dynabazaar Special Committee approved an amended and restated draft of the merger agreement and recommended that the Board of Directors adopt and approve such agreement.

Similarly, on February 14, 2007, the L Q Corporation Special Committee accepted and approved by unanimous written consent the revised presentation and revised fairness opinion of Rodman & Renshaw and recommended that L Q Corporation's Board of Directors approve the contemplated merger based on an exchange ratio of 3.68 to 1. In addition, the L Q Corporation Special Committee approved the amended and restated draft of the merger agreement and recommended that the Board of Directors adopt and approve such agreement.

On February 16, 2007, Dynabazaar's Board of Directors accepted the recommendations of the Dynabazaar Special Committee and determined that it was advisable and in the best interests of Dynabazaar and its stockholders that Dynabazaar enter into the amended and restated merger agreement, which the Board adopted and approved. Similarly, on February 16, 2007, the Board of Directors of L Q Corporation accepted the recommendations of the L Q Corporation Special Committee and determined that it was advisable and in the best interests of L Q Corporation and its stockholders that L Q Corporation enter into the amended and restated merger agreement, which the Board adopted and approved.

On February 26, 2007, Dynabazaar and L Q Corporation executed the amended and restated merger agreement.

Rationale for the Merger

Dynabazaar and L Q Corporation anticipate that the combination of the companies will yield significant benefits in a number of respects. First, the combination of the operating units (Costar and Sielox) will likely create a number of synergies and represent a first step towards the creation of a business capable of providing a wide range of security solutions to customers in both the private and public sectors. Second, the combination of the two publicly-traded companies will likely result in significant cost savings, due to the resulting reduction of overhead and public company expenses. Finally, the combination of the two companies should create a stronger enterprise, with greater resources and more growth opportunities. The following is a more detailed description of these benefits.

Synergies. Dynabazaar and L Q Corporation believe that the merger will create a number of operating synergies, including increased sales, enhanced brand recognition, access to new talent and systems, consolidation of the enterprise under one chief executive officer and cost savings in sales and marketing expenses.

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Increased Sales

Expansion of Product Lines. The combination of the two companies provides each of Dynabazaar and L Q Corporation with access to the product line of the other without the payment of an acquisition premium, thereby providing each company with an additional product platform in the security industry.

New Distribution Channels. Costar's primary distribution channel consists of large system integrators. It has been targeting the small dealer network; however, given the large number of dealers nationwide, penetration into this market would require significant investment in sales personnel and marketing. Sielox's distribution channel consists primarily of a nationwide dealer network. As a result of the merger, Costar would be able to sell its products into Sielox's distribution channels by being introduced to Sielox's customers or through Sielox's sales force. Through the combined company, Dynabazaar and L Q Corporation believe that Costar would be able to accomplish its goal of penetrating this new distribution channel immediately and with minimal investment. At the same time, Sielox will have the opportunity to sell into Costar's distribution channel consisting primarily of large system integrators, providing Sielox with access to a new market and the ability to expand its customer base.

Integrated Security Products Solutions. The combined company would be able to further increase its sales by introducing integrated product solutions to the marketplace. Integrated solutions are increasingly becoming the preferred mode of purchase by large system integrators, dealers and end users, providing them with one-stop shopping and access to turn-key products.

Enhanced Brand Name Recognition

Sielox is a recognized brand name in the security industry. Costar's name is gaining recognition as its products are being installed in large projects with major retailers such as Wal-Mart, Publix and Bed, Bath & Beyond. In 2007, Costar is planning on launching a marketing campaign to enhance its brand awareness. The combination of Sielox and Costar should further improve brand equity for the products of both companies.

Access to New Talent and Systems

Sales. Sielox's management team has extensive expertise in the development and management of a national sales force. This experience includes a 25 year affiliation with Checkpoint Systems, an international manufacturer and marketer of integrated security system solutions.

Engineering. Sielox's products are supported by proprietary software, and it designs and arranges for the manufacturing of its hardware. Consequently, it has a cadre of experienced software and hardware engineers who could be valuable to Costar in its development of new products and customized integrated product solutions.

Cost control. Unlike Sielox, which operated within a large corporate environment, Costar was founded and continues to be managed by entrepreneurs. These individuals are adept in managing companies with limited resources and have experience in growing a business while controlling expenses. We believe that as a result of the merger, Sielox will benefit from gaining access to the experience and cost control management systems that Costar has developed.

Consolidation of Enterprise Under One Chief Executive Officer

As Sebastian E. Cassetta is heading the operations of both companies in light of his role as President and Chief Executive Officer of L Q Corporation and Dynabazaar, the merger would unite the companies under his leadership. Similarly, Melvyn Brunt is the Chief Financial Officer of both L Q Corporation and Dynabazaar. The combination of the two companies would likely provide greater ease of management and related administrative efficiencies.

Sales and Marketing Expenses

Some synergies should also be available in the area of sales and marketing, resulting in cost savings to the combined company. For example, the two companies' operating units have shared a booth at two security industry conventions. It is expected that a number of other similar synergies can be achieved in this area, including through the use of shared advertising, product catalogs and other marketing materials.

Cost Savings. Dynabazaar and L Q Corporation believe the combined company can be operated more efficiently than either company on its own because the merger is expected to create substantial cost savings at the parent level. These savings will be realized by eliminating duplication in a number of areas. For example, as each company is publicly traded, each incurs a number of annual expenses that could be significantly reduced, if not halved, including, but not limited to the following expenses:

annual audit and accounting fees;

legal and filing fees pertaining to the preparation of quarterly and annual Securities and Exchange Commission reports (Form 10-Qs and 10-Ks) and proxy statements;

printing, mailing and proxy solicitation services in connection with each company's annual meeting of stockholders; and

director and officer insurance expenses.

In addition, each company has traditionally had 5 or 6 board members (each board now has one or more vacancies). The combined company would likely only require 6 directors, resulting in a reduction in board of director fees and expenses.

Furthermore, Dynabazaar and L Q Corporation each receive administrative, accounting and other services from Barington. L Q Corporation currently pays Barington a monthly fee of \$10,000 and Dynabazaar pays Barington a monthly fee of \$7,500 for such services. It is the belief of the executive officers of each of Dynabazaar and L Q Corporation that following the completion of the merger the combined company will have the internal resources necessary to fully perform the administrative services currently being provided to each company by Barington, therefore providing additional cost savings as a result of the merger.

Growth Opportunities. The merger is expected to create a stronger platform for the growth of the companies, both organically and through acquisitions. In addition to add-on acquisitions to the existing product lines, Dynabazaar and L Q Corporation believe that the combined company will have the ability to capitalize on anticipated growth opportunities by targeting acquisition candidates in other sectors of the security industry, such as:

Radio Frequency Identification

Biometrics

Fire Protection

Building Automation

Gaming Industry Security

The combined entity would have greater assets, a stronger borrowing base and a larger market capitalization. This should not only facilitate the ability to raise additional debt and equity, to the extent needed for acquisitions, growth or to fund continuing operations, but it should also facilitate the relisting of the combined company on the Nasdaq, to the extent deemed desirable in the future.

Consideration of the Merger by the Dynabazaar Board of Directors

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Dynabazaar's board of directors has determined that the merger is advisable, and is fair to and in the best interests of Dynabazaar and its stockholders, and unanimously approved the merger and the amended and restated merger agreement. In reaching its decision, the Dynabazaar board of directors identified a number of reasons for, and potential benefits to Dynabazaar and its stockholders of, the merger.

In reaching its decision to approve the merger and the amended and restated merger agreement, the Dynabazaar board of directors consulted with Dynabazaar's management, internal and outside legal counsel regarding the legal terms of the merger, and financial advisors regarding the financial aspects of the merger and the fairness, from a financial point of view, of the aggregate merger consideration to Dynabazaar and the holders of Dynabazaar common stock. Such factors that the Dynabazaar board of directors considered in reaching its determination included, but were not limited to, the following:

All the reasons described above under "Rationale for the Merger" beginning on page 57 including the synergies, cost savings and growth opportunities expected to be available to the combined company.

The fact that Costar, the main operating unit of Dynabazaar, is familiar with the products of L Q Corporation and has established a favorable working relationship with the management team of L Q Corporation, as evidenced by the sharing of a booth between Sielox and Costar at two security industry trade shows and the distribution agreement entered into between the companies as of July 31, 2006, pursuant to which Sielox was appointed as an authorized distributor of certain products of Costar.

The fact that the management teams of both companies support the merger following the consideration of the matter pursuant to the strategic alliance agreement entered into between Dynabazaar and L Q Corporation on September 15, 2006.

The fact that the transaction is being structured as a stock-for-stock transaction without the payment of a merger premium, thereby conserving the cash of Dynabazaar to fund growth, continued operations or further acquisitions.

The fact that the amended and restated merger agreement provides for a relatively modest breakup fee of \$200,000, which the Dynabazaar board of directors believes should not be a material disincentive to an alternative proposal from a third party.

The fact that an alternative proposal has not been presented to the Dynabazaar board of directors by a third company (nor have any inquiries been received) since the time the consideration of a strategic transaction between the companies was first publicly announced following the execution of the strategic alliance agreement in September 2006 and when the amended and restated merger agreement was approved by the Dynabazaar board of directors in February 2007, as well as the belief of the Dynabazaar board of directors that the merger would only enhance, rather than detract from, the ability of Dynabazaar to pursue any other available alternative transaction in the future.

The fact that a special committee of independent directors, with the assistance of independent legal counsel and an independent financial advisor, has reviewed and considered the merger and recommended that the merger be approved by the Board.

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The fact that Susquehanna has provided a fairness opinion dated February 13, 2007, that the exchange ratio is fair, from a financial point of view, to Dynabazaar and its stockholders. See Annex D.

The fact that under the terms of the merger agreement, while Dynabazaar is prohibited from soliciting acquisition proposals from third parties, Dynabazaar may engage in discussions and negotiations with, and may furnish non-public information to, a third party that makes an unsolicited acquisition proposal, if, among other things, the board of directors determines in its reasonable judgment that the proposal is reasonably likely to lead to a superior offer, that, after consultation with outside legal counsel, the proposal constitutes a superior offer and that failure to withdraw or modify its recommendation that its stockholders adopt the amended and restated merger agreement would be reasonably likely to constitute a breach of its fiduciary obligations under applicable law.

The fact that the closing of the merger is subject to only a limited number of customary conditions, including that a majority of the outstanding shares of each company's common stock approve the amended and restated merger agreement. The board of directors further considered that to consummate the transactions, Dynabazaar would not be required to obtain any material consents, approvals or authorizations, including those required by governmental authorities. In addition, the consummation of the merger is not subject to either party obtaining financing or completing any additional due diligence.

The fact that the transaction had been structured so as to best preserve the net operating losses (NOLs) of Dynabazaar.

The agreement of Barington to vote its shares in favor of the merger in proportion to the votes of the other stockholders of Dynabazaar.

The fact that it has been agreed that the Chairman of the Board of Dynabazaar will be the Chairman of the Board of the combined company.

In addition, the Dynabazaar board of directors also identified and considered a variety of potentially negative factors in its deliberations concerning the merger, including, but not limited to:

The risk that the merger might not be completed in a timely manner or at all.

The cost and expense of closing the merger and the distraction to the management team of the company.

The fact that the operating units of L Q Corporation have been less profitable than Costar.

The requirement that Dynabazaar must pay L Q Corporation a \$200,000 termination fee should the Dynabazaar board approve or recommend to the Dynabazaar stockholders an alternative transaction or acquisition proposal.

The above discussion of the material factors considered by the Dynabazaar board of directors is not intended to be exhaustive, but does set forth the principal factors considered by the Dynabazaar board of directors. The Dynabazaar board of directors collectively reached the conclusion to approve the amended and restated merger agreement in light of the various factors described above and other factors that each member of the Dynabazaar board of directors felt were appropriate. In view of the wide variety of factors considered by the Dynabazaar board of directors in connection with its evaluation of the merger and the complexity of these matters, the Dynabazaar board of directors did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, the Dynabazaar board of directors made its recommendation based on the totality of information presented to, and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

Recommendation of the Dynabazaar Board of Directors

After careful consideration, the Dynabazaar board of directors has unanimously determined that the merger and the adoption of the amended and restated merger agreement are advisable to, and in the best interests of, Dynabazaar and its stockholders. Additionally, the Dynabazaar board of directors has unanimously determined that the amendments to the Dynabazaar certificate of incorporation to change the corporate name and declassify the board of directors are advisable to, and in the best interests of, Dynabazaar and its stockholders. **The Dynabazaar board of directors unanimously recommends that Dynabazaar stockholders vote FOR the adoption of the amended and restated merger agreement, FOR the amendment to Dynabazaar s certificate of incorporation to change the corporate name and FOR the amendment to Dynabazaar s certificate of incorporation to declassify the board of directors.**

Opinion of Dynabazaar s Financial Advisor

The Dynabazaar Special Committee engaged Susquehanna to act as its exclusive financial advisor and to provide an opinion to the Dynabazaar Special Committee regarding the fairness, from a financial point of view, to Dynabazaar and the holders of Dynabazaar common stock of the exchange ratio.

On February 13, 2007, Susquehanna rendered its opinion to the Dynabazaar Special Committee to the effect that, based upon and subject to the assumptions, qualifications, limitations and other matters described in its written opinion, as of February 13, 2007, the exchange ratio was fair, from a financial point of view, to Dynabazaar and the holders of Dynabazaar common stock.

The full text of Susquehanna s written opinion, dated February 13, 2007, to the Dynabazaar Special Committee, which sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Susquehanna in preparing its opinion, is included as Annex D to this joint proxy statement/prospectus. The summary of Susquehanna s opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is incorporated by reference. You are encouraged to carefully read the full text of Susquehanna s written opinion. However, Susquehanna s opinion is not intended to be, and does not constitute, advice or a recommendation to any security holder as to how such security holder should vote or act with respect to any matter relating to the merger.

In issuing its opinion, in addition to those assumptions described below with respect to the various analyses made by Susquehanna, the following assumptions were made, or assurances of management were relied upon, by Susquehanna:

the financial, accounting and other information provided to Susquehanna by Dynabazaar and L Q Corporation or otherwise discussed with or reviewed by Susquehanna was accurate and complete, and Susquehanna did not assume any responsibility for independent verification of that information;

the information provided to Susquehanna was prepared on a reasonable basis in accordance with industry practice, and neither Dynabazaar or L Q Corporation was aware of any information or facts that would make the information provided to Susquehanna

incomplete or misleading;

neither Dynabazaar nor L Q Corporation were a party to any material pending transaction, including any external financing, recapitalization, acquisition or merger, other than the merger;

the financial forecasts, pro forma adjustments, estimates of net operating loss tax benefits and other estimates and forward-looking information relating to Dynabazaar, L Q Corporation and the merger reviewed by Susquehanna reflected the best currently available estimates and judgments of Dynabazaar's and L Q Corporation's respective managements;

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the merger will be consummated pursuant to the terms of the amended and restated merger agreement without amendment thereto and without waiver by any party of any conditions or obligations thereunder;

the merger will be treated as a tax-free reorganization for federal income tax purposes; and

all the necessary regulatory or other approvals and consents required for the merger will be obtained in a manner that would not adversely affect Dynabazaar, L Q Corporation or the contemplated benefits of the merger.

The Susquehanna opinion, in addition to those factors and limitations described below with respect to various analyses made by Susquehanna, was also subject to the following factors and limitations:

Susquehanna's written opinion addressed only the fairness of the exchange ratio, as of the date of the opinion, from a financial point of view, to Dynabazaar and the holders of Dynabazaar common stock. Susquehanna's written opinion did not address any other aspect or implication of the merger or any other terms, agreements, arrangements or understandings entered into by Dynabazaar or any other person relating to the merger or otherwise and does not constitute a recommendation to any Dynabazaar stockholder as to how such stockholder should vote with respect to the merger;

Susquehanna's written opinion did not address Dynabazaar's basic business decision to proceed with or effect the merger or the merits of the merger relative to any alternative transaction or business strategy that may have been available to Dynabazaar. Susquehanna was not requested to, nor did it, solicit or assist Dynabazaar in soliciting indications of interest from third parties for all or any part of Dynabazaar or any alternative transaction;

Susquehanna expressed no opinion as to any financial forecasts, pro forma adjustments, net operating loss or other estimates or business outlook or forward-looking information of Dynabazaar or L Q Corporation or the assumptions on which they were based;

Susquehanna relied upon the advice of the outside counsel and the independent accountants to Dynabazaar and L Q Corporation, and the assumptions of Dynabazaar's and L Q Corporation's managements, as to all accounting, legal, tax and financial reporting matters with respect to Dynabazaar, L Q Corporation and the amended and restated merger agreement, including, without limitation, the amount of the exchange ratio;

in arriving at its opinion, Susquehanna did not perform any appraisals or valuations of any assets or liabilities (fixed, contingent or other) of Dynabazaar or L Q Corporation, and was not furnished with any such appraisals or valuations. Susquehanna did not make any physical inspection of the properties or facilities of either Dynabazaar or L Q Corporation in connection with its opinion. The analyses performed in connection with its opinion were going concern analyses, and Susquehanna expressed no opinion regarding the liquidation value of any entity, including Dynabazaar or L Q Corporation. Without limiting the generality of the foregoing, Susquehanna undertook no independent analysis of any pending or threatened litigation, governmental proceedings or investigations, regulatory action, possible unasserted claims or other contingent liabilities to which Dynabazaar, L Q Corporation or any of their respective affiliates is a party or may be subject and, at the Dynabazaar Special Committee's direction and with its consent, Susquehanna's opinion made no assumption concerning, and therefore did not consider, the possible assertion of claims, outcomes, damages or recoveries arising out of any such matters;

Susquehanna expressed no opinion as to the viability of Dynabazaar following the merger, including the potential for or timing of commercialization of any product or service, the nature and extent of Dynabazaar's financing needs or the ability of Dynabazaar to satisfy any such financing needs;

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the analyses of Susquehanna are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the analyses. Analyses relating to the value of companies do not purport to be appraisals or valuations or necessarily reflect the price at which companies may actually be sold. No company or transaction used in any analysis for purposes of comparison was identical to Dynabazaar, L Q Corporation or the merger. Accordingly, an analysis of the

results of the comparisons was not mathematical; rather, it involved complex considerations and judgments about differences in the companies and transactions to which Dynabazaar, L Q Corporation and the merger were compared and other factors that could affect the public trading value or transaction value of the companies; and

Susquehanna's opinion was necessarily based upon the information available to Susquehanna and facts and circumstances as they existed and were subject to evaluation on the date of the opinion; events occurring after the date of the opinion could materially affect the assumptions used in preparing the opinion. Susquehanna did not express any opinion as to the price at which shares of Dynabazaar common stock or L Q Corporation common stock have traded or such stock may trade following announcement of the merger or at any other future time. Susquehanna has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date thereof and did not have any obligation to update, revise or reaffirm its opinion.

In connection with its opinion, Susquehanna made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, Susquehanna:

reviewed the financial terms and conditions of the merger agreement as of January 5, 2007 and a draft of the amended and restated merger agreement dated February 13, 2007;

reviewed certain publicly available historical business and financial information relating to Dynabazaar and L Q Corporation;

reviewed various financial forecasts and other data provided to it by Dynabazaar and L Q Corporation relating to their businesses;

held discussions with members of the senior management of both Dynabazaar and L Q Corporation with respect to the respective businesses and prospects of Dynabazaar and L Q Corporation;

reviewed public information with respect to certain other companies in lines of businesses Susquehanna believed to be generally comparable to the businesses of Dynabazaar and L Q Corporation;

reviewed the financial terms of certain business combinations involving companies in lines of businesses Susquehanna believed to be generally comparable to that of Dynabazaar and L Q Corporation;

performed a discounted cash flow analysis of Dynabazaar on a standalone basis; and

reviewed the historical stock prices and trading volumes of Dynabazaar common stock and L Q Corporation common stock.

In addition, Susquehanna conducted such other studies, analyses and investigations and considered such other financial, economic and market criteria as Susquehanna deemed necessary or appropriate in arriving at its opinion.

Valuation Analyses

In preparing its opinion to Dynabazaar's Special Committee, Susquehanna performed a variety of analyses, including those described below. The summary of Susquehanna's valuation analyses is not a complete description

of the analyses underlying Susquehanna's opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those analytic methods to the unique facts and circumstances presented. As a consequence, neither a fairness opinion nor its underlying analyses is readily susceptible to partial analysis or summary description. Susquehanna arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analytic method or factor. Accordingly, Susquehanna believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Susquehanna considered general business, economic, industry and market performance and conditions, financial and otherwise, and other matters. No company, transaction or business used in Susquehanna's analyses for comparative purposes is identical to Dynabazaar, L Q Corporation or the proposed merger, and while the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Susquehanna did not make separate or quantifiable judgments regarding individual analyses. The estimates contained in Susquehanna's analyses and the ranges of value indicated by any particular analysis are illustrative and not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which assets, businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond Dynabazaar's control and the control of Susquehanna. Much of the information used in, and accordingly the results of, Susquehanna's analyses are inherently subject to

substantial uncertainty.

Susquehanna's opinion and analyses were provided to Dynabazaar's Special Committee in connection with its consideration of the proposed merger and were only one of many factors considered by Dynabazaar's Special Committee in evaluating the proposed merger. Neither Susquehanna's opinion nor its analyses were determinative of the exchange ratio or of the views of Dynabazaar's Special Committee with respect to the merger.

The following is a summary of the material financial analyses Susquehanna discussed with Dynabazaar's Special Committee in connection with the rendering of Susquehanna's opinion on February 13, 2007. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Susquehanna's analyses.

For purposes of its analyses, Susquehanna reviewed a number of financial metrics including:

enterprise value – the value of the relevant company's outstanding equity securities plus the value of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet, if applicable) as of a specified date;

EBITDA – the amount of the relevant company's earnings before interest, taxes, depreciation, and amortization for a specified time period; and

EBIT – the amount of the relevant company's earnings before interest and taxes for a specified time period.

Unless the context indicates otherwise, enterprise and equity values used in the comparable companies analysis described below were calculated using the closing prices of the common stock of the selected companies listed below as of February 2, 2007, and enterprise and equity values for the target companies used in the comparable transactions analysis described below were calculated as of the announcement date of the relevant transaction based on the purchase prices paid in the selected transactions. Estimates of 2006 and 2007 revenues, EBITDA and net income for the selected companies listed below were based on publicly available research analyst

estimates for those companies. Estimates of 2006 and 2007 revenues, EBITDA and net income for Dynabazaar and L Q Corporation were based on estimates provided by management.

Summary of L Q Corporation and Dynabazaar Analyses

Introduction. Each valuation analysis set forth below refers to an implied relative value of Dynabazaar, which represents the value of Dynabazaar's equity outstanding and equity options relative to the combined value of Dynabazaar and L Q Corporation equity and options assuming the consummation of the merger. For comparative purposes, the 3.68 exchange ratio corresponds to a 66.0% implied relative value of Dynabazaar as of December 20, 2006, based on the closing bid price of Dynabazaar common stock and L Q Corporation common stock and a Black Scholes valuation of all outstanding options of Dynabazaar and L Q Corporation as of that date.

Market Value Analysis. Susquehanna reviewed stock trading and ownership information concerning Dynabazaar common stock and L Q Corporation common stock, including stock price information from February 2, 2006 to February 2, 2007. Susquehanna calculated the implied relative values of Dynabazaar based on the range of stock prices for Dynabazaar common stock and L Q Corporation common stock during the preceding 52 weeks, which calculations indicated the following:

Implied relative value of Dynabazaar 57.0% - 67.9%

Comparable Companies Analysis. Susquehanna calculated multiples of enterprise values to certain financial data for Dynabazaar, L Q Corporation and selected security companies.

The calculated multiples included:

enterprise value as a multiple of estimated 2006 revenue;

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enterprise value as a multiple of estimated 2007 revenue;
 enterprise value as a multiple of estimated 2006 EBITDA;
 enterprise value as a multiple of estimated 2007 EBITDA;
 enterprise value as a multiple of estimated 2006 EBIT; and
 enterprise value as a multiple of estimated 2007 EBIT.

The selected security companies were:

ActiveIdentity Corp.;
 Brinks Co.;
 CompuDyne Corp.;
 Henry Bros. Electronics, Inc.;
 Protection One Inc.; and
 SAFLINK Corp.

The comparable companies analysis indicated the following:

Enterprise value as a multiple of:	Minimum	Mean	Maximum
2006E Revenue	0.6x	1.4x	2.1x
2007E Revenue	0.6x	0.9x	1.4x
2006E EBITDA	8.6x	8.6x	8.6x
2007E EBITDA	8.9x	11.1x	13.3x

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2006E EBIT	15.6x	15.6x	15.6x
2007E EBIT	12.9x	13.7x	14.4x

Susquehanna applied multiple ranges based on the comparable companies analysis to corresponding financial estimates provided by management of Dynabazaar and L Q Corporation. The comparable companies analysis indicated the following:

Implied relative value of Dynabazaar 67.2% - 71.9%

Comparable Transactions Analysis. Susquehanna calculated multiples of enterprise value to certain financial data based on the purchase prices paid in selected announced comparable transactions.

The calculated multiples included:

enterprise value as a multiple of revenues for the last twelve months (LTM) prior to announcement; and
 enterprise value as a multiple of LTM EBITDA.

The comparable transactions were:

Target	Acquiror
Integrated Alarm Services Group Inc.	Protection One Inc.
SecurityCo Inc.	Stanley Works
Iridian Technologies, Inc. (1)	L-1 Identity Solutions Inc.
Initial Security Inc.	Allied Security Holdings LLC
Vance International, Inc. (1)	Garda World Security Corp.
Integrated Biometric Technology (1)	L-1 Identity Solutions Inc.
Integrated Biometric Technology (1)	L-1 Investment Partners, LLC
Starpoint LP	Devcon International Corp.

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Target	Acquiror
Imaging Automation, Inc. (2) Protection One Inc.	L-1 Identity Solutions Inc. Quadrangle Capital Partners

(1) These transactions are not reflected in the calculation of LTM revenue or LTM EBITDA in the comparable transactions analysis table below, because the revenues generated by each of these target companies were not greater than \$3.6 million and they did not have positive EBITDA. As a result, these transactions were not considered meaningful.

(2) This transaction is not reflected in the calculation of LTM EBITDA in the comparable transactions analysis table below, because the target company did not have positive EBITDA.

The comparable transactions analysis indicated the following:

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Enterprise value as a multiple of:	Minimum	Mean	Maximum
LTM Revenue	0.1x	3.4x	8.2x
LTM EBITDA	3.3x	13.6x	33.4x

Susquehanna applied multiple ranges based on the comparable transactions analysis to corresponding financial metrics provided by management of Dynabazaar and L Q Corporation. The comparable transactions analysis indicated the following:

Implied relative value of Dynabazaar 63.6% - 70.1%

Discounted Cash Flow Analysis. Susquehanna calculated the present value of each of Dynabazaar's and L Q Corporation's after-tax free cash flow based on estimates provided by management of Dynabazaar and L Q Corporation, respectively. In performing this analysis, Susquehanna used a range of discount rates from 10% to 20% based on prevailing market conditions and a perpetual growth rate for Dynabazaar's and L Q Corporation's free cash flow beyond 2010 ranging from 1.0% to 5.0%. This discounted cash flow analysis indicated the following:

Implied relative value of Dynabazaar 55.9% - 75.0%

Book Value Analysis. Susquehanna calculated a per share book value and a tangible book value for each of Dynabazaar and L Q Corporation. The book value analysis indicated the following:

Implied relative value of Dynabazaar 69.5% - 71.7%

Contribution Analysis. Susquehanna also calculated the amount of revenue and EBITDA that Dynabazaar and L Q Corporation would contribute to the combined entity based on estimates provided by management of Dynabazaar and L Q Corporation, respectively.

The contribution analysis indicated the following:

	Minimum	Mean	Maximum	Median
Revenues	73.0%	73.5%	74.2%	73.6%
EBITDA	63.0%	70.1%	82.3%	68.2%

Other Matters. The Dynabazaar Special Committee engaged Susquehanna pursuant to a letter agreement dated December 11, 2006. Pursuant to the engagement letter, Dynabazaar will pay Susquehanna a fee for its services, a portion of which was paid as a non-refundable retainer following the execution of the engagement letter, a portion of which became payable upon the delivery of Susquehanna's opinion, regardless of the conclusion reached therein and the remainder upon the earlier of (a) May 14, 2007 and (b) the consummation of the merger. Dynabazaar has also agreed to reimburse Susquehanna for certain expenses and to indemnify Susquehanna and certain affiliated and related

parties against certain liabilities and expenses, including certain liabilities under the federal securities laws arising out of or relating to Susquehanna's engagement.

Susquehanna is a full service securities firm engaged in securities trading and brokerage activities, as well as investment banking and other financial services. In the ordinary course of business, Susquehanna and/or its affiliated and related entities may actively trade securities of Dynabazaar and L Q Corporation for its and/or their own account or effect transactions in such securities for the accounts of Susquehanna's customers and, accordingly, Susquehanna and/or its affiliated and related entities may at any time hold a long or short position in such securities.

Consideration of the Merger by the L Q Corporation Board of Directors

L Q Corporation's board of directors has determined that the merger is advisable, and is fair to and in the best interests of L Q Corporation and its stockholders, and unanimously approved the merger and the amended and

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restated merger agreement. In reaching its decision, the L Q Corporation board of directors identified a number reasons for, and potential benefits to L Q Corporation and its stockholders of, the merger.

In reaching its decision to approve the merger and the amended and restated merger agreement, the L Q Corporation board of directors consulted with L Q Corporation's management, internal and outside legal counsel regarding the legal terms of the merger, and financial advisors regarding the financial aspects of the merger and the fairness, from a financial point of view, of the aggregate merger consideration to the holders of L Q Corporation common stock. Such factors that the L Q Corporation board of directors considered in reaching its determination included, but were not limited to, the following:

All the reasons described above under "Rationale for the Merger" beginning on page 57 including the synergies, cost savings and growth opportunities expected to be available to the combined company.

The fact that Costar, the main operating unit of Dynabazaar, is familiar with the products of L Q Corporation and has established a favorable working relationship with the management team of L Q Corporation, as evidenced by the sharing of a booth between Sielox and Costar at two security industry trade shows and the distribution agreement entered into between the companies as of July 31, 2006, pursuant to which Sielox was appointed as an authorized distributor of certain products of Costar.

The fact that the management teams of both companies support the merger following the consideration of the matter pursuant to the strategic alliance agreement entered into between Dynabazaar and L Q Corporation on September 15, 2006.

The fact that the transaction is being structured as a stock-for-stock transaction without the payment of a merger premium, thereby conserving the cash of Dynabazaar to fund growth, continued operations or further acquisitions.

The fact that the amended and restated merger agreement provides for a relatively modest breakup fee of \$200,000, which the Board of Directors of L Q Corporation believes should not be a material disincentive to an alternative proposal from a third party.

The fact that an alternative proposal has not been presented to the Board by a third company (nor have any inquiries been received) since the time the consideration of a strategic transaction between the companies was first publicly announced following the execution of the strategic alliance agreement in September 2006 and when the amended and restated merger agreement was approved by the Board in February 2007, as well as the belief of the board that the merger would only enhance, rather than detract from, the ability of L Q Corporation to pursue any other available alternative transaction in the future.

The fact that a special committee of independent directors, with the assistance of independent legal counsel and an independent financial advisor, has reviewed and considered the merger and recommended that the merger be approved by the Board.

The fact that Rodman & Renshaw has provided a fairness opinion dated February 13, 2007, that the exchange ratio is fair, from a financial point of view, to the stockholders of L Q Corporation. See Annex E.

The fact that under the terms of the amended and restated merger agreement, while L Q Corporation is prohibited from soliciting acquisition proposals from third parties, L Q Corporation may engage in discussions and negotiations with, and may furnish non-public information to, a third party that makes an unsolicited acquisition proposal, if, among other things, the board of directors determines in its reasonable judgment that the proposal is reasonably likely to lead to a superior offer, that, after consultation with outside legal counsel, the proposal constitutes a superior offer and that failure to withdraw or modify its recommendation that its stockholders adopt the amended and restated merger

agreement would be reasonably likely to constitute a breach of its fiduciary obligations under applicable law.

The fact that the closing of the merger is subject to only a limited number of customary conditions, including that a majority of the outstanding shares of each company's common stock approve the amended and restated merger agreement. The board of directors further considered that to consummate the transactions, the company would not be required to obtain any material consents, approvals or authorizations, including those required by governmental authorities. In addition, the consummation of the merger is not subject to either party obtaining financing or completing any additional due diligence.

The fact that the transaction had been structured so as to best preserve the net operating losses (NOLs) of L Q Corporation.

The fact that the shares of Dynabazaar common stock received by L Q Corporation stockholders for their stock in the company would be treated as a tax-free exchange.

The agreement of Barington to vote its shares in favor of the merger in proportion to the votes of the other stockholders of the company.

The fact that it has been agreed that at least three members of the Board of Directors of L Q Corporation will sit on the board of directors of the combined company.

The fact that the stockholders of L Q Corporation are entitled to appraisal rights. See "The Merger - Appraisal Rights" on page 77.

The L Q Corporation board of directors also identified and considered a number of uncertainties, risks and potentially negative factors in its deliberations concerning the merger, including:

The risk that the merger might not be completed in a timely manner or at all.

The cost and expense of closing the merger and the distraction to the management team of the company.

The interest of Barington and L Q Corporation's executive officers and directors in the transactions. See "The Merger - Interests of L Q Corporation Directors and Officers in the Merger" on page 75.

The requirement that L Q Corporation must pay Dynabazaar a \$200,000 termination fee should the L Q Corporation board approve or recommend to the L Q Corporation stockholders an alternative transaction or acquisition proposal.

After careful and due consideration, the L Q Corporation board of directors concluded that overall, the risks, uncertainties, restrictions and potentially negative factors associated with the merger were outweighed by the potential benefits of the transaction, and that many of these risks could be managed or mitigated prior to the merger by L Q Corporation or subsequent to the merger by the combined company or were unlikely to have a material adverse effect on the merger or the combined company.

The foregoing information and factors considered by the L Q Corporation board of directors are not intended to be exhaustive but are believed to include all of the material factors considered by the L Q Corporation board of directors. In view of the variety of factors and the amount of information considered, the L Q Corporation board of directors did not find it practicable to, and did not, quantify, rank or otherwise assign relative weights to the specific factors it considered in approving the merger and the amended and restated merger agreement. In addition, individual members of the L Q Corporation board of directors may have given different weights to different factors. The L Q Corporation board of directors considered all of these factors as a whole, and overall considered them to be favorable to and to support its determination.

Recommendation of the L Q Corporation Board of Directors

After careful consideration and based on the foregoing analysis, the L Q Corporation board of directors determined that the merger is advisable, and is fair to and in the best interests of L Q Corporation and its stockholders, and unanimously approved the merger and the amended and restated merger agreement. **The L Q Corporation board of directors unanimously recommends that the L Q Corporation stockholders vote FOR the proposal to adopt the amended and restated merger agreement.**

Opinion of L Q Corporation's Financial Advisor

Pursuant to a letter agreement effective as of November 30, 2006, Rodman & Renshaw was engaged to act as financial advisor to the L Q Corporation Special Committee. The L Q Corporation Special Committee selected Rodman & Renshaw based on its overall institutional

strength, its reputation, and its expertise in the small and mid capitalization sectors. Rodman & Renshaw focuses on providing merger and acquisition advisory services to small and mid cap companies. In this capacity, Rodman & Renshaw is continually engaged in valuing these businesses and maintains an extensive database of small and mid capitalization mergers and acquisitions for comparative purposes. On February 13, 2007, Rodman & Renshaw rendered its opinion that, as of February 13, 2007, based upon and subject to the various factors and assumptions described in the Rodman & Renshaw opinion, the per share merger consideration to be received by holders of L Q Corporation common stock, under the amended and restated merger agreement was fair, from a financial point of view, to holders of L Q Corporation common stock.

Rodman & Renshaw's opinion, which describes the assumptions made, matters considered and limitations on the review undertaken by Rodman & Renshaw, is attached as Annex E to this joint proxy statement/prospectus. L Q Corporation stockholders are urged to, and should, read the Rodman & Renshaw opinion carefully and in its entirety. The Rodman & Renshaw opinion is directed to the board of directors and addresses only the fairness of the merger consideration from a financial point of view to holders of L Q Corporation common stock as of the date of the opinion. Rodman & Renshaw's opinion speaks only as of February 13, 2007 and is for the information of the board of directors in connection with its consideration of the merger and does not constitute a recommendation to any L Q Corporation stockholder as to how such holder should vote on the amended and restated merger agreement at the special meeting of L Q Corporation stockholders. The opinion does not address the merits of L Q Corporation's underlying decision to engage in the merger. The summary of the Rodman & Renshaw opinion set forth in this joint proxy statement/prospectus, although materially complete, is qualified in its entirety by reference to the full text of such opinion, a copy of which is attached as Annex E to this joint proxy statement/prospectus.

In arriving at its opinion, Rodman & Renshaw reviewed and considered such financial and other matters as Rodman & Renshaw has deemed relevant, including, among other things:

- a draft dated February 13, 2007 of the amended and restated merger agreement;
- certain publicly available financial and other information for L Q Corporation and certain other relevant financial and operating data furnished to Rodman & Renshaw by the management of L Q Corporation;
- certain publicly available financial and other information for Dynabazaar and certain other relevant financial and operating data furnished to Rodman & Renshaw by the management of Dynabazaar;
- certain internal financial analyses, financial forecasts, reports and other information concerning L Q Corporation, prepared by the management of L Q Corporation;
- certain internal financial analyses, financial forecasts, reports and other information concerning Dynabazaar, prepared by the management of Dynabazaar;
- discussions with certain members of the managements of each of L Q Corporation and Dynabazaar concerning the historical and current business operations, financial conditions and prospects of L Q Corporation and Dynabazaar, and such other matters Rodman & Renshaw deemed relevant;

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- certain operating results, the reported price and trading history of the shares of L Q Corporation common stock and Dynabazaar common stock as compared to operating results, the reported prices and trading histories of the shares of common stock of certain publicly traded companies Rodman & Renshaw deemed relevant;
 - certain financial terms of the merger as compared to the financial terms of certain selected recent business combinations L Q Corporation deemed relevant; and
 - such other information, economic and market criteria and data, financial studies, analyses and investigations and such other factors that Rodman & Renshaw deemed relevant for purposes of this opinion.

Rodman & Renshaw took into account its assessment of economic, market and financial conditions generally and within the industry in which L Q Corporation is engaged.

In rendering its opinion, Rodman & Renshaw assumed and relied upon the accuracy and completeness of all information supplied or otherwise made available to them by L Q Corporation or obtained by it from other sources, including financial information initially provided by senior management of L Q Corporation which was confirmed and supplemented with information about the operations of L Q Corporation by senior management of L Q Corporation. Rodman & Renshaw also relied upon the representations of senior management of L Q Corporation that they are unaware of any information or facts that would make the information provided to Rodman & Renshaw incomplete or misleading. Rodman & Renshaw has not independently verified such information, undertaken an independent appraisal of the assets or liabilities, contingent or otherwise, of L Q Corporation nor has it been furnished with any such appraisals.

With respect to discussions pertaining to future prospects and analysis of the available financial information of L Q Corporation that Rodman & Renshaw reviewed, it relied on the representations of the senior management of L Q Corporation that such available forecasts are

reasonable, reflect the best currently available estimates and judgments of such persons as to the future financial position of L Q Corporation and that:

as to the respective information, they are unaware of any facts that would make such information incomplete, in any material respect, or misleading; and

there have been no material developments in the business, financial or otherwise, or prospects of L Q Corporation, since December 21, 2006.

Rodman & Renshaw's opinion is necessarily based on economic, market and other conditions as they existed, and the information made available to Rodman & Renshaw, as of the date of its opinion. Rodman & Renshaw disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion that may come or be brought to its attention after the date of its opinion. In the performance of its financial advisory services, Rodman & Renshaw was not engaged to solicit, and did not solicit, interest from any party with respect to the acquisition of L Q Corporation or any of its assets. No limitations were imposed upon Rodman & Renshaw by L Q Corporation with respect to the investigations to be made or procedures to be followed by it in rendering its opinion.

In accordance with customary investment banking practice, Rodman & Renshaw employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material analyses utilized by Rodman & Renshaw in connection with its opinion.

Valuation of L Q Corporation

Comparable Company Analysis

Rodman & Renshaw compared certain financial and operating ratios for L Q Corporation with the corresponding financial and operating ratios for a group of publicly traded, small capitalization companies engaged

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primarily in the security products industry that Rodman & Renshaw deemed to be comparable to L Q Corporation. For the purpose of the analyses, the following companies, which we refer to in this joint proxy statement/prospectus as the L Q Corporation comparable companies, were used as companies comparable to L Q Corporation:

Electronic Control Security, Inc.

Henry Bros. Electronics, Inc.

Integrated Security Systems, Inc.

International Electronics, Inc.

MDI, Inc.

Sentry Technology Corporation

Synergx Systems, Inc.

Vicon Industries, Inc.

For the L Q Corporation comparable companies, Rodman & Renshaw calculated the median multiple of enterprise value, which is the market value of a company's equity plus any outstanding debt less cash, to each of the latest twelve months (LTM) revenue, and LTM earnings before interest, taxes, depreciation and amortization, otherwise known as EBITDA, of 0.7x and 13.3x. To calculate the trading multiples utilized in the L Q Corporation comparable company analysis, Rodman & Renshaw used publicly available information concerning the historical financial performance of the L Q Corporation comparable companies. None of the L Q Corporation comparable companies is, of course, identical to L Q Corporation. Accordingly, a complete analysis of the results of the foregoing calculations cannot be limited to a quantitative review of such results and involves complex considerations and judgments concerning differences in financial and operating characteristics of the L Q Corporation comparable companies and other factors that could affect the public trading volume of the L Q Corporation comparable companies, as well as that of L Q Corporation.

Comparable Transaction Analysis

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Using publicly available information, Rodman & Renshaw considered selected transactions in the security products industry that they deemed to be relevant. Specifically, Rodman & Renshaw reviewed the following transactions, which we refer to in this joint proxy statement/prospectus as the L Q Corporation comparable transactions:

Homeland Security Capital Corp. 's acquisition of Nexus Technologies Group, Inc.

Henry Bros. Electronics, Inc. 's acquisition of Securus, Inc.

MDI, Inc. 's acquisition of American Building Control, Inc.

Napco Security Systems, Inc. 's acquisition of Continental Instruments, LLC

These transactions were selected based on the similarity of the targets to L Q Corporation. In determining similarity, Rodman & Renshaw primarily considered the industries in which these entities operated and size of such entities based on revenues.

For the L Q Corporation comparable transactions, using publicly available information, concerning historical financial performance, Rodman & Renshaw calculated the median multiple of transaction value, which is the value paid for the target 's equity plus any assumed debt less cash acquired, to the target company 's revenue and

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EBITDA for the latest twelve months immediately preceding the announcement of each of the respective transactions, resulting in medians of 0.5x and 6.2x. Typically, these multiples are compared with the multiples prevailing in the L Q Corporation contemplated transaction. No company utilized in the L Q Corporation comparable transaction analysis is identical to L Q Corporation nor is any transaction identical to the contemplated transaction between L Q Corporation and LQ Merger Corp. An analysis of the results therefore requires complex considerations and judgments regarding the financial and operating characteristics of L Q Corporation and the companies involved in the L Q Corporation comparable transactions, as well as other facts that could affect their publicly-traded and/or transaction value. The numerical results are not in themselves meaningful in analyzing the contemplated transaction as compared to L Q Corporation comparable transactions.

Discounted Cash Flow Analysis

Rodman & Renshaw performed discounted cash flow analyses, i.e., analyses of the present value of the projected cash flows, for L Q Corporation for the fiscal years ended 2007 through 2011, inclusive, using equity premiums ranging from 13.0% to 30.0% and a terminal value multiple of year 2011 revenues of 0.7x. The foregoing yielded a range for an implied value per share of L Q Corporation common stock of \$2.47 to \$3.50.

The discounted cash flow analysis is based on L Q Corporation management 's projections which in turn are based on a set of discrete, subjective assumptions for revenue growth and expenses made by L Q Corporation management. The discounted cash flow analysis is intended to provide a guideline for determining a range of fair values. This fairness range may be wider or narrower than the range generated by the analysis itself. In interpreting the discounted cash flow analysis, Rodman & Renshaw made qualitative determinations regarding the likelihood of L Q Corporation failing to meet or exceeding the projections created by L Q Corporation management. In Rodman & Renshaw 's view, the transaction price is within the range of fairness indicated by the discounted cash flow analysis.

The summary of the valuations set forth above does not purport to be a complete description of the analysis presented by Rodman & Renshaw. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Rodman & Renshaw believes that selecting any portion of their analysis or of the summary set forth above, without considering the analyses as a whole, would create an incomplete view of the process underlying Rodman & Renshaw 's opinion. In arriving at its opinion, Rodman & Renshaw considered the results of all such analyses. In addition, it may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should not be taken to be Rodman & Renshaw 's view of the actual value of L Q Corporation. The analyses performed by Rodman & Renshaw are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those suggested by such analyses. The analyses do not purport to be appraisals or to reflect the prices at which L Q Corporation might actually be sold or the prices at which the shares of L Q Corporation common stock may trade at any time in the future. Such analyses were prepared solely for the purposes of Rodman & Renshaw providing its opinion to L Q Corporation as to the fairness, from a financial point of view, of the consideration to be received by holders of shares of L Q Corporation common stock pursuant to the merger. Analyses based upon forecasts or future results are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors and events, including, without limitation, factors related to general economic and competitive conditions beyond the control of the parties

or their respective advisors, none of Rodman & Renshaw, L Q Corporation, LQ Merger Corp. or any other person assumes responsibility if future results or actual values are materially different from those forecast.

Fees Payable to Rodman & Renshaw

L Q Corporation paid Rodman & Renshaw a fee of \$95,000, including \$50,000 which was payable upon delivery of the fairness opinion by Rodman & Renshaw, regardless of whether or not the fairness opinion included a conclusion that the per share merger consideration is fair from a financial point of view to the L Q Corporation stockholders. In addition, L Q Corporation agreed to reimburse Rodman & Renshaw for its reasonable expenses, including fees and expenses of its counsel, and to indemnify Rodman & Renshaw and its affiliates against certain liabilities and expenses related to their engagement, including liabilities under the federal securities laws. Each of L

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Q Corporation and Rodman & Renshaw had the right to terminate Rodman & Renshaw's engagement at any time upon written notice to that effect to the other party. However, in the event the engagement was terminated, Rodman & Renshaw was entitled to the fees and expenses incurred prior to termination and to indemnification. The terms of the fee arrangement with Rodman & Renshaw, which L Q Corporation and Rodman & Renshaw believe are customary in transactions of this nature, were negotiated at arm's length between L Q Corporation and Rodman & Renshaw, and the board of directors was aware of the nature of the fee arrangement. The L Q Corporation special committee found the lack of any previous business relationship between Rodman & Renshaw and L Q Corporation or its affiliates particularly important when it decided to select Rodman & Renshaw as L Q Corporation's financial advisor.

Interests of L Q Corporation Directors and Executive Officers in the Merger

L Q Corporation stockholders considering the recommendation of the L Q Corporation board of directors regarding the merger should be aware that L Q Corporation's directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of L Q Corporation stockholders generally. The board of directors of L Q Corporation was aware of and considered these potentially conflicting interests when they adopted the amended and restated merger agreement and approved the merger.

Stock Options

Options to purchase shares of L Q Corporation common stock, whether or not vested, outstanding at the effective time of the merger will be assumed by Dynabazaar and will become exercisable, subject to vesting, for shares of Dynabazaar common stock and will continue to be subject to all the same terms and conditions as in effect prior to the merger. The number of shares of Dynabazaar common stock issuable upon the exercise of these options will be equal to the product of the number of shares of L Q Corporation common stock that were issuable upon exercise of such stock option immediately prior to the effective time multiplied by the exchange ratio, rounded to the nearest whole number of shares of Dynabazaar common stock. The exercise price per share of each assumed L Q Corporation option will be equal to the quotient determined by dividing the exercise price per share of L Q Corporation common stock at which such L Q Corporation stock option was exercisable immediately prior to the effective time by the exchange ratio, rounded to the nearest whole cent.

Continued Benefits

Following the merger, Dynabazaar will either continue L Q Corporation's benefits or allow L Q Corporation employees who continue employment with Dynabazaar to participate in Dynabazaar's benefit plans (other than stock compensation plans or arrangements) on terms no less favorable than those provided to similarly situated Dynabazaar employees, or a combination of both. All of the executive officers of L Q Corporation currently participate in L Q Corporation's benefit plans, which include medical, dental, vision, life insurance, accidental death and dismemberment insurance, short term and long term disability, employee assistance plan, flexible spending accounts, 401(k) plan, bonus plans, stock option plans, employee stock purchase plans and other welfare fringe benefit plans.

Summary of Equity, Incentive and Other Awards of Directors and Executive Officers of L Q Corporation

The following table identifies, for each L Q Corporation director and executive officer, as of June 19, 2007, such person's relationship to L Q Corporation, the aggregate number of shares subject to outstanding options to purchase shares of L Q Corporation common stock, the aggregate number of shares of L Q Corporation common stock subject to vested options, the aggregate number of shares of L Q Corporation common stock subject to accelerated vesting upon the occurrence of the merger and the weighted average exercise price of all outstanding options.

Name	Relationship to L Q Corporation	Aggregate Shares Subject to Outstanding Options	Aggregate Shares Subject to Vested Options	Aggregate Shares Subject to Accelerated Vesting Upon or Following the Occurrence of the Merger(1)	Weighted Average Price of Outstanding Options
Stephen Berns	Chairman	22,400			1.82
Melvyn Brunt	CFO	15,666	3,334	3,334	1.98
Sebastian Cassetta	CEO and Director	16,834	6,666	6,666	1.78
Steven Liguori	Director	22,400			1.78
Michael McManus	Director	23,899			2.06
Dianne McKeever	Director				
Karen Evans	President of Sielox, Inc.	625	1,875	1,875	1.73
Bradley Schnur	President of SES	6,666	13,334	13,334	1.73

Board Seats Following Completion of the Merger

At the effective time, three vacancies shall be created on the Dynabazaar board of directors through resignation or by increase in the size of the Board of Directors, and Steven Berns, Sebastian Cassetta and Dianne McKeever will be designated by the Dynabazaar board of directors to fill such vacancies.

Director and Officer Indemnification

The amended and restated merger agreement also provides the following:

For seven (7) years after the effective time, Dynabazaar shall provide officers and directors liability insurance in respect of acts or omissions occurring prior to the effective time covering each such person currently serving as an officer or director of Dynabazaar or L Q Corporation on terms with respect to coverage and amount no less favorable than those of such policy in effect on the date hereof; provided that Dynabazaar shall not be obligated to pay an aggregate premium per annum in excess of 200% of the amount per annum Dynabazaar paid in its last full fiscal year; it being understood that Dynabazaar shall nevertheless be obligated to provide such coverage as may be obtained for such amount.

The certificate of incorporation and the by-laws of Dynabazaar shall contain provisions relating to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time (including, without limitation, in connection with the merger and the other transactions contemplated by the amended and restated merger agreement) no less favorable to the recipients than those set forth in the certificate of incorporation and the by-laws of Dynabazaar as in effect on the date hereof, and such provisions shall not be amended or modified, in any material respect, in any manner that would be less favorable to such recipients, for seven (7) years after the effective time.

As a result of the interests described above under each heading, L Q Corporation's executive officers and directors have interests in the merger that may have made them more likely to vote to adopt the amended and restated merger agreement and approve the merger and to recommend the same to the L Q Corporation stockholders than if they did not hold these interests.

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There are no material U.S. Federal or state regulatory requirements which remain to be complied with in order to consummate the merger (other than approvals, filings or notices required under U.S. Federal securities laws and the filing of the certificate of merger with the Secretary of State of the State of Delaware).

Restrictions on Sales of Shares of Dynabazaar Common Stock Received in the Merger

The shares of Dynabazaar common stock to be issued in connection with the merger will be registered under the Securities Act and will be freely transferable, except for shares of Dynabazaar common stock issued to any person who is deemed to be an affiliate of L Q Corporation prior to the merger. Persons who may be deemed affiliates of L Q Corporation prior to the merger include individuals or entities that control, are controlled by, or are under common control of L Q Corporation prior to the merger, and may include officers and directors, as well as principal stockholders of L Q Corporation prior to the merger.

Persons who may be deemed to be affiliates of L Q Corporation prior to the merger may not sell any of the shares of Dynabazaar common stock received by them in connection with the merger except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act; or any other applicable exemption under the Securities Act.

Dynabazaar's registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, does not cover the resale of shares of Dynabazaar common stock to be received in connection with the merger by persons who may be deemed to be affiliates of L Q Corporation prior to the merger, nor would it cover the resale of such shares by persons who may be deemed to be affiliates of Dynabazaar after the merger.

Listing on the Over-The-Counter Bulletin Board of Dynabazaar Shares Issued Pursuant to the Merger

Dynabazaar shall use its best efforts to cause the Dynabazaar common stock to be delivered to the holders of L Q Corporation common stock in the merger to be listed, upon official notice of issuance, on the Over-The-Counter Bulletin Board prior to the effective time, and to take any action reasonably required to be taken under non-U.S. securities laws in connection with the issuance of Dynabazaar common stock in the merger.

Delisting and Deregistration of L Q Corporation Common Stock After the Merger

When the merger is completed, L Q Corporation common stock will be delisted from the Over-The-Counter Bulletin Board and deregistered under the Exchange Act.

Appraisal Rights

Under Delaware law, L Q Corporation stockholders will be entitled to appraisal rights in the merger. This means that such stockholders are entitled to have the value of their shares determined by the Delaware Court of Chancery and to receive payment based on that valuation, together with a fair rate of interest, if any, as determined by the court.

Generally, to exercise appraisal rights, L Q Corporation stockholders must deliver a written demand for appraisal to L Q Corporation before the vote with respect to the amended and restated merger agreement is taken, must not vote in favor of the approval and adoption of the amended and restated merger agreement and must continuously hold their shares of L Q Corporation's common stock from the date they make their demand for appraisal through the effective date of the merger. Failure to follow the procedures specified under Delaware law,

as described in Section 262 of the DGCL will result in the loss of appraisal rights. A copy of Section 262 of the DGCL is attached to this proxy statement as Annex C.

Additional information about Dynabazaar and L Q Corporation may be found from reading this joint proxy statement/prospectus and the various sources described in this joint proxy statement/prospectus under the section entitled "Where You Can Find More Information" beginning on page 156 of this joint proxy statement/prospectus. Stockholders are urged to read carefully this information contained prior to making any

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decision regarding the exercise of appraisal rights. Dynabazaar and L Q Corporation file current, quarterly and annual reports with the SEC on Forms 8-K, 10-Q, and 10-K. The SEC maintains a web site that contains reports, proxy and information statements, and other information regarding Dynabazaar and L Q Corporation that are filed electronically with the SEC at <http://www.sec.gov>. Copies of such material can be obtained from the public reference section of the SEC.

Dynabazaar stockholders are not entitled to appraisal rights in connection with the merger.

Accounting Treatment of the Merger

Dynabazaar will account for the merger using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations, with Dynabazaar treated as the acquiring entity. Accordingly, consideration paid by Dynabazaar will be allocated to L Q Corporation's assets and liabilities based upon their estimated fair values as of the date of the closing of the merger. The results of operations of L Q Corporation will be included in Dynabazaar's results of operations from the date of the closing of the merger. In the event that the purchase price exceeds the fair value of the assets acquired less liabilities assumed, the transaction could give rise to, among other things, goodwill. The goodwill will be subject to an independent valuation.

Material United States Federal Income Tax Consequences of the Merger

The following discussion summarizes the material U.S. federal income tax considerations of the merger that are expected to apply generally to Dynabazaar, L Q Corporation and U.S. Holders (as defined below) of L Q Corporation common stock who exchange their L Q Corporation common stock for Dynabazaar common stock in the merger. This summary is based upon current provisions of the Code, existing Treasury regulations under the Code and current administrative rulings and court decisions, all of which are subject to change. Any change, which may or may not be retroactive, could alter the tax consequences to Dynabazaar, L Q Corporation or the stockholders of L Q Corporation as described in this summary. No attempt has been made to comment on all U.S. federal income tax consequences of the merger that may be relevant to particular U.S. Holders, including holders: