SECURE ALLIANCE HOLDINGS CORP
Form PRER14A
April 21, 2008

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

(Amendment No. 2)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule14a-6(e)(2))

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule 14a-12

Secure Alliance Holdings Corporation
(Name of Registrant as Specified in Its Charter)

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock, par value $.01 per share, of Secure Alliance Holdings Corporation

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(2) Aggregate number of securities to which transaction applies: 38,899,018 shares of common stock

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined by multiplying 38,899,018 shares of common stock to be transferred under the Merger Agreement by $0.65, the market price of each share as of February 29, 2008, divided by 50 and further divided by 100.

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(4) Proposed maximum aggregate value of transaction: $25,284,361

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(5) Total fee paid: $5,056.98

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x Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

Secure Alliance Holdings Corporation
5700 Northwest Central Dr, Ste 350
Houston, Texas 77092

_____, 2008

To our stockholders:

You are cordially invited to attend a special meeting of stockholders of Secure Alliance Holdings Corporation to be held at _____ on _____ __, 2008 at __:__ _.m., local time. At this meeting, we intend to seek stockholder approval of the following:

1. The Agreement and Plan of Merger dated as of December 6, 2007 by and among Sequoia Media Group, LC, Secure Alliance Holdings Corporation and SMG Utah, LC, as amended by that certain Amendment No. 1 dated as of March 31, 2008 (collectively, the "Merger Agreement");

2. An amendment to our certificate of incorporation to effect a 1-for-2 reverse stock split of our common stock, par value $.01 per share, such that holders of our common stock will receive one share for each two shares they own;

3. An amendment to our certificate of incorporation to increase the number of authorized shares of our common stock from 100,000,000 to 250,000,000 and to authorize a class of preferred stock consisting of 50,000,000 shares of $.01 par value preferred stock;

4. An amendment to our certificate of incorporation to change our name from "Secure Alliance Holdings Corporation" to "aVinci Media Corporation";

5. Our 2008 Stock Incentive Plan;

6. To approve adjournments of the special meeting if deemed necessary to facilitate the approval of the above proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting, to establish a quorum or to approve the above proposals; and

7. To transact such other business as may properly be brought before the special meeting or any adjournment or postponement thereof.

Our board of directors has unanimously approved all of the proposals described in the proxy statement and is recommending that stockholders also approve them.

Please review in detail the attached proxy statement for a more complete statement regarding the proposal to approve the Merger Agreement (proposal 1 in the proxy statement), including a description of the Merger Agreement, the background of the decision to enter into the Merger Agreement and the reasons that our board of directors decided to recommend that you approve the Merger Agreement.

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Your vote is very important to us, regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please vote as soon as possible to make sure your shares are represented at the meeting.

On behalf of our board of directors, I thank you for your support and urge you to vote "FOR" each of the proposals described in the proxy statement.

By Order of the Board of
Directors,

Stephen P. Griggs
President

Houston, Texas, _____ __, 2008

The notice and proxy statement are first being mailed to our stockholders on or about _____ __, 2008.

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Secure Alliance Holding Corporation
5700 Northwest Central Dr, Ste 350
Houston, Texas 77092

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON _____ __, 2008

To our stockholders:

A special meeting of stockholders of Secure Alliance Holdings Corporation, a Delaware corporation (the "Company" or "Secure Alliance") will be held at _____ on _____ __, 2008 at __:__ _.m., local time (the "Special Meeting"). At this meeting you will be asked:

1. To consider and to vote on a proposal to approve the Agreement and Plan of Merger dated as of December 6, 2007, by and among Sequoia Media Group, LC, a Utah limited liability company ("Sequoia"), Secure Alliance and SMG Utah, LC, a Utah limited liability company and wholly owned subsidiary of Secure Alliance ("Merger Sub"), as amended by that certain Amendment No. 1 dated as of March 31, 2008 (collectively, the "Merger Agreement"), each of which are attached as Annex A to the proxy statement, pursuant to which Merger Sub will merge with and into Sequoia with Sequoia becoming the surviving entity and our wholly owned subsidiary (the "Merger");

2. To consider and to vote on a proposal to file a certificate of amendment to our certificate of incorporation (the "Certificate of Incorporation") to effect a 1-for-2 reverse stock split (the "Reverse Stock Split") of our common stock, par value $.01 per share (the "Common Stock"), such that holders of our Common Stock will receive one share for each two shares they own (the "Reverse Stock-Split Proposal");

3. To consider and to vote on a proposal to file a certificate of amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 100,000,000 to 250,000,000 and to authorize a class of preferred stock consisting of 50,000,000 shares of $.01 par value preferred stock (the "Capitalization Proposal");

4. To consider and to vote on a proposal to file a certificate of amendment to our Certificate of Incorporation to change our name (the "Name Change") from "Secure Alliance Holdings Corporation" to "aVinci Media Corporation" (the "Name Change Proposal" and, together with the Reverse Stock Split Proposal and the Capitalization Proposal, the "Related Proposals");

5. To approve our 2008 Stock Incentive Plan (the "2008 Plan");

6. To approve adjournments of the Special Meeting if deemed necessary to facilitate the approval of the above proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting, to establish a quorum or to approve the above proposals; and

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7. To transact such other business as may properly be brought before the Special Meeting or any adjournment or postponement thereof.

Our board of directors has unanimously approved, and recommends that an affirmative vote be cast in favor of, each of the proposals listed on the proxy card and described in the enclosed proxy statement.

Only holders of record of our Common Stock at the close of business on _____ __, 2008 (the "Record Date"), will be entitled to notice of and to vote at the Special Meeting or any adjournment thereof.

You are urged to review carefully the information contained in the enclosed proxy statement prior to deciding how to vote your shares at the Special Meeting.

Because of the significance of the Merger, your participation in the Special Meeting, in person or by proxy, is especially important. We hope you will be able to attend the Special Meeting.

Whether or not you plan to attend the Special Meeting, please complete, sign, date, and return the enclosed proxy card promptly.

If you attend the Special Meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Simply attending the Special Meeting, however, will not revoke your proxy; you must vote at the Special Meeting. If you do not attend the Special Meeting, you may still revoke your proxy at any time prior to the Special Meeting by providing a later dated proxy or by providing written notice of your revocation to our Secretary. Your prompt cooperation will be greatly appreciated.

The notice and proxy statement are first being mailed to stockholders on or about _____ __, 2008.

Please follow the voting instructions on the enclosed proxy card to vote either by mail, telephone or electronically by the Internet.

By Order of the Board of
Directors,

Stephen P. Griggs
President

Houston, Texas

_____ __, 2008

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Annexes

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SUMMARY TERM SHEET

The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that item. In this proxy statement, the terms "Secure Alliance," "Company," "we," "our," "ours," and "us" refer to Secure Alliance Holdings Corporation, a Delaware corporation, its subsidiaries, and the term "Sequoia" refers to Sequoia Media Group, LC, a Utah limited liability company.

The Special Meeting (Page 19)

Purpose of the Special Meeting (Page 19)

The purpose of the Special Meeting is to vote upon the approval of the Merger Agreement, the Related Proposals and the 2008 Plan, and such other business as may properly be brought before the Special Meeting and any adjournment or postponement thereof.

Record Date and Quorum (Page 19)

You are entitled to vote at the Special Meeting if you owned shares of Common Stock at the close of business on _____, 2008, the Record Date. You will have one vote for each share of Common Stock that you owned on the Record Date. As of the Record Date, there were _____ shares of Common Stock outstanding and entitled to be voted.

A quorum of the holders of the outstanding shares of Common Stock must be present for the Special Meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of Common Stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

Required Vote (Page 19)

For us to consummate the transactions contemplated by the Merger Agreement, including the Related Proposals, stockholders holding at least a majority of our Common Stock outstanding at the close of business on the Record Date must vote "FOR" the approval and adoption of the Merger Agreement and each of the Related Proposals. All of our stockholders are entitled to one vote per share. A failure to vote your shares, an abstention, or a broker non-vote, will have the same effect as a vote against approval of the Merger Agreement and against the Related Proposals. Approval of the 2008 Plan and the proposal to adjourn the Special Meeting, if necessary or appropriate, requires the favorable vote of a majority of the votes cast at the Special Meeting, in person or by proxy, even if less than a quorum is present.

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Proxies; Revocation (Pages 19 and 20)

Any registered stockholder (meaning a stockholder that holds stock in its own name) entitled to vote may submit a proxy by telephone or the Internet (by following the instructions included on your proxy card) or by returning the enclosed proxy card by mail, or may vote in person by appearing at the Special Meeting. If you elect to submit your proxy by telephone or via the Internet, you will need to provide a personal identification number set forth on the enclosed proxy card upon which you will be provided the option to vote "for," "against" or "abstain" with respect to each of the proposals. All valid proxies received prior to the Special Meeting will be voted. All shares represented by a proxy will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted "FOR" the Merger Agreement, "FOR" the Related Proposals, "FOR" the 2008 Plan and as the proxy holders may determine in their discretion with respect to any other matters that properly come before the Special Meeting.

If your shares are held in "street name" by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker. If you do not provide your broker with instructions, your shares will not be voted and that will have the same effect as a vote against the Merger and the Related Proposals.

Any registered stockholder who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted in any one of the following ways:

- filing with or transmitting to our Secretary at our principal executive offices, at or before the Special Meeting, an instrument or transmission of revocation that is dated a later date than the proxy;
- sending a later-dated proxy relating to the same shares to our Secretary at our principal executive offices, at or before the Special Meeting;
- submitting a later-dated proxy by the Internet or by telephone, at or before the Special Meeting; or
- attending the Special Meeting and voting in person by ballot.

Simply attending the Special Meeting will not constitute revocation of a proxy. If you have instructed your broker to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by your broker to change your instructions.

The Parties (Pages 22 and 60-61)

Secure Alliance Holdings Corporation

We are a Delaware corporation which, through our wholly owned subsidiaries, developed, manufactured, sold and supported automated teller machine ("ATM") products and electronic cash security systems, consisting of Timed Access Cash Controller ("TACC") products and Sentinel products (together, the "Cash Security" products).

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We completed the sale of our ATM business on January 3, 2006 and the sale of our Cash Security business on October 2, 2006. On October 2, 2006, we became a shell public company with approximately $12.9 million in cash, cash equivalents and marketable securities held-to-maturity.

Before the sale of our Cash Security and ATM businesses, we were primarily engaged in the development, manufacturing, sale and support of ATM products and the Cash Security products, which were designed for the management of cash within various specialty retail markets.

Following the sale of our Cash Security and ATM businesses, we have had substantially no operations.

Sequoia Media Group, LC

Sequoia is a Utah limited liability company organized on March 28, 2003 under the name Life Dimensions, LC. In 2003, Sequoia changed its name from Life Dimensions, LC to Sequoia Media Group, LC. Sequoia's operations are currently governed by a Board of Managers made up of five managers, three of whom are the original founders and two of whom were appointed as part of a private equity investment. Substantially all of its business is conducted out of its Draper, Utah office. Sequoia also has an office in Bentonville, Arkansas to help service Wal-Mart Stores, Inc., ("Wal-Mart"), which is one of its large retail customers.

Sequoia has developed and deployed a software technology that employs "Automated Multimedia Object Models," its patent pending way of turning consumer captured images, video, and audio into complete digital files in the form of full-motion movies, DVD's, photo books, posters and streaming media files. Sequoia filed its first provisional patent in early 2004 for patent protection on various aspects of its technology with a full filing occurring in early 2005, and Sequoia has filed several patents since that time as part of its intellectual property strategy. Sequoia's technology carries the brand names of "aVinci" and "aVinci Experience."

Since inception, Sequoia has continued to develop and refine its technology to be able to provide higher quality products through a variety of distribution models including in-store kiosks, point of scan kits, and online downloads. Sequoia's business strategy has been to avoid providing traditional multimedia tools and services that focus on providing software for users to purchase and learn how to use so that they can build their own products, and instead provide a product solution that provides users with professionally created templates to be able to automatically create personalized products by simply adding end customer images.

Sequoia currently makes software technology that it packages in various forms available to mass retailers, specialty retailers, Internet portals and web sites that allow end consumers to use an automated process to create products such as DVD productions, photo books, posters, calendars, and other print media products from consumer photographs, digital pictures, video, and other media. Sequoia's customers are retailers and other vendors and not end consumers. Sequoia enables its customers to sell its products to the end consumer who remain customers of its vendor and do not become its customers directly. Sequoia currently delivers its technology to end consumers through (i) third party photo kiosks at mass and specialty retail outlets, (ii) point of scan shrink wrapped software at mass and specialty retail outlets, (iii) simple software downloads through third party Internet sites, (iv) simple software downloads though its own managed Internet site to which third party Internet sites are linked, and (v) on its own managed web servers on the world wide web to which third party Internet sites are linked.

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The Merger (Page 89-90)

The proposed Merger will result in (i) the merger of Merger Sub with and into Sequoia, with Sequoia becoming the surviving entity and our wholly owned subsidiary, pursuant to the Merger Agreement, as amended, and (ii) each Sequoia membership interest automatically converting into the right to receive 0.87096285 shares of our Common Stock after giving effect to the Reverse Stock Split (the "Merger Consideration"). Accordingly, as a result of the Merger, each member of Sequoia prior to the Merger will have their Sequoia membership interests converted into shares of Secure Alliance and will be stockholders of Secure Alliance after the Merger. The total value of the Merger Consideration is approximately $46.0 to 48.0 million. Immediately following the Merger, the members of Sequoia, in the aggregate, will own approximately 80% or an aggregate of approximately 38,899,018 post-split shares of our Common Stock. Our stockholders as of the Record Date will own the remaining approximately 20% of Common Stock in the combined company. As a result of the Merger, the combined company will consist of Secure Alliance's assets, which are primarily cash and cash equivalents, as well as all of Sequoia's assets, business and operations. For more information on the business operations of Sequoia, see "The Transactions – Information Related to Sequoia" and "The Transactions – Sequoia's Management's Discussion and Analysis of Financial Condition and Results of Operations."

On March 31, 2008, we amended the Merger Agreement to, among other things, (i) effect a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split, (ii) provide that, immediately prior to the effectiveness of the Merger, we will declare and pay to our stockholders existing as of the Record Date, a cash dividend equal to approximately $2.0 million (the "Dividend") instead of distributing to stockholders common stock of a newly formed company with certain enumerated assets that were to be transferred to it by the Company, (iii) amend the amount of the proposed Merger Consideration to be provided under the Merger Agreement, such that each issued and outstanding Sequoia equity interest will automatically be converted into the right to receive 0.87096285 shares of our Common Stock instead of the right to receive 0.5806419 shares of our Common Stock, which adjustment was made to account for the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split, and (iv) remove the closing condition that we have not less than $9.8 million in net cash or cash equivalents. The Merger Agreement was amended to provide for a 1-for-2 reverse stock split instead of a 1-for-3 reverse stock split primarily to ensure sufficient shares were available in the public float to help avoid large pricing fluctuations. The Merger Consideration was adjusted as a result of the change from a 1-for-3 reverse stock split to a 1-for-2 reverse stock split to provide for no change to the respective equity ownership levels following the Merger. The distribution to stockholders in the form of the Dividend was reduced slightly from the distribution originally contemplated in exchange for the removal of the closing condition that we will have not less than $9.8 million in net cash or cash equivalents. Upon payment of the Dividend, our stockholders will receive approximately $.103 per share of common stock owned.

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Reasons for the Merger (Page 26)

Our board of directors (the "Board") approved the Merger and Related Proposals based on a number of factors, including among other things:

- we have been a shell public company since October 2006 with substantially no operations or employees and Sequoia can provide an experienced management team and operating business;

- at the time the Merger Agreement was signed, the Board received no other firm merger proposals or strategic alternatives to improve the Company's financial position;

    - the Board received a fairness opinion from Ladenburg Thalmann & Co. Inc. ("Ladenburg") which stated that based upon and subject to the considerations and assumptions set forth in such opinion, the Merger Consideration given to members of Sequoia is fair, from a financial point of view, to our stockholders;

- the Company has the ability to engage in discussion and negotiations with third parties that make unsolicited superior proposals; and

    - a merger with Sequoia may improve stockholder value.

In addition, the Company weighed certain risks inherent with a merger transaction, including those described under "Risk Factors" beginning on page 29. Based on these factors, the Board determined that the Merger was in the best interests of our stockholders.

Effects of the Merger (Page 42)

Immediately following the Merger, the members of Sequoia will own on a nondiluted basis, in the aggregate, 38,899,018 post-split shares of our Common Stock and our current stockholders will own approximately 20% of the Company's outstanding Common Stock on a nondiluted basis. Although this represents substantial dilution of the percentage ownership interest of current stockholders, we will receive the benefit of Sequoia's operations as consideration in the Merger, since we have had substantially no operations since October 2006. We believe Sequoia has an equity value in the range of $40.2 million to $62.8 million, which upon consummation of the Merger will increase the value of Secure Alliance significantly. Following the Merger, we will have a total of 48,619,680 shares of Common Stock outstanding. In addition, in connection with the Merger, stockholders of Secure Alliance, prior to the effective date of the Merger, will receive the Dividend.

If the Merger Agreement is not approved and the Merger is not completed, our business may be adversely affected. The market price of our Common Stock may decline to the extent that the current market price reflects a market assumption that the Merger and the Related Proposals will be completed and many costs related to the Merger and the Related Proposals, such as legal, accounting, financial advisor and financial printing fees, have to be paid regardless of whether the Merger is completed.

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Interests of our Directors and Executive Officers in the Merger (Page 42)

Our directors and executive officers may have interests in the Merger that are different from, or in addition to, yours, including options to purchase 950,000 shares of Common Stock held by each of Jerrell G. Clay and Stephen P. Griggs, that, pursuant to the terms of the 1997 Long Term Incentive Plan will become fully vested upon the consummation of the Merger.

Opinion of Ladenburg (Page 42 and Annex B)

Ladenburg has delivered its opinion to our Board that, as of the date of its opinion and based upon and subject to the factors and assumptions set forth therein, the Merger Consideration is fair, from a financial point of view, to our unaffiliated stockholders. The Ladenburg opinion was based on a reverse stock split of 1-for-3 and the Merger Consideration of 0.5806419 shares of our Common Stock. Subsequently, we amended the Merger Agreement to provide for, among other things, a Reverse Stock Split of 1-for-2 with a corresponding change to the Merger Consideration and the distribution of a cash Dividend instead of distributing stock of a newly formed subsidiary with certain enumerated assets that were to be contributed to it by the Company. Ladenburg has not reviewed the amendment to the Merger Agreement. Although our Board believes the amendment to the Merger Agreement does not materially impact Ladenburg's fairness opinion, there can be no assurance that Ladenburg's opinion is still accurate.

The opinion of Ladenburg is addressed to the Board for their benefit and use and was rendered in connection with its consideration of the Merger and does not constitute a recommendation to any of our stockholders as to how to vote in connection with the Merger and Related Proposals. The opinion of Ladenburg does not address our underlying business decision to pursue the Merger, the relative merits of the Merger as compared to any alternative business strategies that might exist for us, the financing of the Merger or the effects of any other transaction in which the Company might engage. The full text of the written opinion of Ladenburg, dated November 29, 2007, which sets forth the procedures followed, limitations on the review undertaken, matters considered and assumptions made in connection with such opinion, is attached as Annex B to this proxy statement. We recommend that you read the opinion carefully in its entirety.

Indemnification and Insurance (Page 52)

The Merger Agreement provides that all rights to indemnification or exculpation existing in favor of the employees, agents, directors (including two former directors) or officers of the Company and our subsidiaries in effect on the date of the Merger Agreement, will continue in full force and effect for a period of six years after the Merger. Additionally, we will purchase a single payment, run-off policy or policies of directors' and officers' liability insurance covering such parties for a period of six years after the Merger. We will also indemnify and hold harmless such parties in respect of acts or omissions occurring at or prior to the closing of the Merger.

Loan Agreement with Sequoia (Page 52)

Pursuant to a Loan and Security Agreement ("Loan Agreement") dated as of December 6, 2007 by and between the Company and Sequoia, we have agreed to extend (and have extended) $2.5 million in secured financing to Sequoia. Under the terms of the Loan Agreement, Sequoia has agreed to pay interest on the loan at a rate per annum equal to 10%. Interest on the loan is payable on December 31, 2008, the scheduled maturity date. In addition, if the loan obligations have not been paid in full on or prior to the scheduled maturity date, a monthly fee equal to 10% of the outstanding loan obligations is payable to us by Sequoia on the last day of each calendar month for which the loan obligations remain outstanding.

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We entered into the Loan Agreement to provide Sequoia with additional capital for working capital purposes and to provide Sequoia with additional liquidity until the Merger. If the Merger is not approved, the Loan Agreement provides for Sequoia to repay the loan as set forth above, on the terms and conditions set forth in the Loan Agreement.

Material United States Federal Income Tax Consequences (Page 53)

We do not expect that the proposals will result in any federal income tax consequences to our stockholders. However, to the extent we declare and pay the Dividend, a portion of the distribution may be taxable as "qualified dividend income", generally taxable at a federal rate of 15%, to the extent paid out of a stockholder's pro rata share of our current or accumulated earnings and profits. Any portion of the distribution in excess of each holder's pro rata share of our earnings and profits will be treated first as a tax-free return of capital to the extent of each stockholder's tax basis in his, her or its shares of our Common Stock, with any remaining portion treated as capital gain. Non-United States holders of our Common Stock generally will be subject to withholding on the gross amount of the distribution at a rate of 30% or such lower rate as may be permitted by an applicable income tax treaty. Because individual tax circumstances of stockholders vary, stockholders should consult their own tax advisors regarding the tax consequences to them of the distribution.

Regulatory Approvals (Page 53)

We are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the Merger Agreement or completion of the Merger.

Exclusivity; No Solicitation of Transactions (Page 92)

The Merger Agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving the Company. Notwithstanding these restrictions, under certain limited circumstances required for our Board to comply with its fiduciary duties, our Board may respond to an unsolicited written bona fide proposal for an alternative transaction, change its recommendation in support of the Merger or terminate the Merger Agreement and enter into an agreement with respect to a superior proposal after paying a termination fee specified in the Merger Agreement.

Conditions to Merger (Page 95)

The Merger Agreement is subject to customary closing conditions including, among other things, (i) the approval of the Merger Agreement and Related Proposals by our stockholders as set forth in this proxy statement, (ii) the sufficiency of shares of our capital stock authorized to complete the Merger, and (iii) the accuracy of each party's representations and warranties.

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The approval of the 2008 Plan is not a condition to the consummation of the Merger, but is being proposed in connection with the Merger and will not be presented at the meeting for a vote if the Related Proposals that are conditions to the Merger are not approved or waived (where practical). If the Reverse Stock Split Proposal or the Capitalization Proposal is not approved, we cannot effect the Merger or the other transactions contemplated by the Merger Agreement because we will not have sufficient shares to issue to Sequoia to consummate the Merger. Accordingly, although each of Sequoia and us have the contractual right to waive these conditions, as a practical matter they may not both be waived. If the Name Change Proposal is not approved, absent a waiver by Sequoia and us, we cannot effect the Merger or the other transactions contemplated by the Merger Agreement.

Termination Fee (Page 92)

Should the Merger Agreement be terminated before consummation by the Company in connection with the Company's acceptance of a superior proposal, the Company has agreed to pay Sequoia a termination fee of $1,000,000 in cash under certain circumstances.

No Right of Appraisal (Page 119)

You will not experience any change in your rights as a stockholder as a result of the Merger or Related Proposals. None of Delaware law, our Certificate of Incorporation or our bylaws provides for appraisal or other similar rights for dissenting stockholders in connection with the Merger or the Related Proposals. Accordingly, you will have no right to dissent and obtain payment for your shares.

Board Composition and Management following the Merger (Page 53)

Upon completion of the Merger, Jerrell G. Clay, our Chief Executive Officer, and Stephen P. Griggs, our President, Chief Operating Officer, Principal Financial Officer and Secretary, will resign from the Company, but will remain directors on our Board. Following the merger, we expect our directors and executive officers to be as follows: Chett B. Paulsen, as President, Chief Executive Officer and director, Richard B. Paulsen, as Vice President, Chief Technology Officer and director, Edward B. Paulsen, as Secretary/Treasurer, Chief Operating Officer and director, Terry Dickson, as Vice President of Marketing and Business Development and Tod M. Turley and John E. Tyson as directors.

Reverse Stock Split Proposal (Page 101)

On or prior to the closing date of the Merger and subject to the approval of our stockholders, we will amend and restate our Certificate of Incorporation in order to effect the 1-for-2 Reverse Stock Split. The Reverse Stock Split is a condition to the consummation of the Merger to ensure a sufficient number of shares are available for issuance to Sequoia. The Reverse Stock Split will also have the effect of reducing the number of shares of Common Stock issued and outstanding, which may correspondingly increase the price per share of our Common Stock. If the Merger is not consummated, this proposal to amend our Certificate of Incorporation will not take effect. The form of amendment for the Reverse Stock Split Proposal is attached to this proxy statement as Annex C.

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Capitalization Proposal (Page 103)

On or prior to the closing date of the Merger and subject to approval of our stockholders, we will amend and restate our Certificate of Incorporation in order to increase the authorized share capital of the Company to 250,000,000 shares of Common Stock and 50,000,000 shares of preferred stock, par value $.01 per share. The Capitalization Proposal is a condition to the consummation of the Merger and is necessary because the Company's current authorized share capitalization is insufficient to issue the number of shares necessary to complete the Merger. Increasing the authorized share capital of the Company should provide us with the shares necessary to complete the Merger and to address any future needs. If the Merger is not consummated, this proposal to amend our Certificate of Incorporation will not take effect. The form of amendment for the Capitalization Proposal is attached to this proxy statement as Annex C.

Name Change Proposal (Page 105)

Upon the consummation of the Merger and subject to approval of our stockholders, we will amend and restate our Certificate of Incorporation in order to change our name from "Secure Alliance Holdings Corporation" to "aVinci Media Corporation". If the Merger is not consummated, this proposal to amend our Certificate of Incorporation will not take effect. The form of amendment for the Name Change is attached to this proxy statement as Annex C.

2008 Plan Proposal (Page 106)

The 2008 Plan will take effect upon the consummation of the Merger, subject to approval of our stockholders. If the Merger is not consummated, the 2008 Plan will not take effect. The 2008 Plan is attached to this proxy statement as Annex D.

Recommendation of our Board (Page 100)

Our Board has:

- determined that the Merger Agreement and Merger are advisable and fair to and in the best interests of the Company and its unaffiliated stockholders;
- approved and adopted the Merger Agreement, the Related Proposals and the 2008 Plan; and
- recommended that our stockholders vote "FOR" the approval and adoption of the Merger Agreement and "FOR" the approval and adoption of each of the Related Proposals and "FOR" the approval and adoption of the 2008 Plan.

In considering the recommendation of the Board with respect to the Merger, you should be aware that some of our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of our stockholders generally. For the factors considered by our Board in reaching its decision to approve and adopt the Merger Agreement, see "The Transactions-- Reasons for the Merger."

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In addition, the Merger Agreement has been approved by Sequoia's Board of Managers and a majority of the members of Sequoia.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q. Why are our stockholders receiving these materials?

A. Our Board is sending these proxy materials to provide our stockholders with information about the Merger, the Merger Agreement, the Related Proposals and the 2008 Plan, so that you may determine how to vote your shares in connection with the Special Meeting.

Q. When and where is the Special Meeting?

A. The special meeting will be held on [_____], 2008 at [_____], located at [_____], at [___]:00 [___].m., local time.

Q. Who is soliciting my proxy?

A. This proxy is being solicited by the Board.

Q. Who is paying for the solicitation of proxies?

A. We will bear the cost of solicitation of proxies by us. In addition to soliciting stockholders by mail, our directors, officers and employees, without additional remuneration, may solicit proxies in person or by telephone or other means of electronic communication. We will not pay these individuals for their solicitation activities but will reimburse them for their reasonable out-of-pocket expenses. Brokers and other custodians, nominees and fiduciaries will be requested to forward proxy-soliciting material to the owners of stock held in their names, and we will reimburse such brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket costs. Solicitation by our directors, officers and employees may also be made of some stockholders in person or by mail, telephone or other means of electronic communication following the original solicitation.

Q. What will be voted on at the Special Meeting?

A. You are being asked to approve the following proposals:

- the Merger Agreement;
- a certificate of amendment to our Certificate of Incorporation to effect the 1-for-2 Reverse Stock Split;
- a certificate of amendment to our Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 100,000,000 to 250,000,000 and to authorize a class of preferred stock consisting of 50,000,000 shares of $.01 par value preferred stock;
- a certificate of amendment to our Certificate of Incorporation to change our name from “Secure Alliance Holdings Corporation” to “aVinci Media Corporation”;

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- the 2008 Plan; and

- adjournments of the Special Meeting if deemed necessary to facilitate the approval of the above proposals, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to establish a quorum or to approve the above proposals.

The Related Proposals and 2008 Plan, if approved, will take effect only if the Merger is consummated.

Q. Why does the Merger Agreement provide for the amendment of our Certificate of Incorporation?

A. The Merger Agreement provides for the amendment of our Certificate of Incorporation to effect the Reverse Stock Split, the Capitalization Proposal and the Name Change. Specifically, we will need to amend our Certificate of Incorporation to effect the Reverse Stock Split to ensure a sufficient number of shares are available for issuance to Sequoia upon consummation of the Merger. The Reverse Stock Split will also have the effect of reducing the number of shares of Common Stock issued and outstanding, which may correspondingly increase the price per share of our Common Stock. We will also need to amend our Certificate of Incorporation to effect the Capitalization Proposal because we will be issuing an additional 38,899,018 shares of Common Stock upon the consummation of the Merger. We currently have 78,461,176 shares of Common Stock available for issuance. The increase in the number of authorized shares, in addition to the creation of a class of preferred stock, will ensure that sufficient shares are available to be issued in connection with the Merger and that an adequate number of shares will be available for future business.

The amendments to our Certificate of Incorporation will take effect only if the Merger is consummated.

Q. What will I receive in the Merger?

A. In connection with the Merger, prior to the effective date of the Merger, we will declare and pay the Dividend. Upon payment of the Dividend, our stockholders will receive approximately $.103 per share of common stock owned. Following the Merger, our stockholders will remain stockholders of the combined company, although their ownership interests will be substantially diluted by the shares issued related to the Merger. However, as a result of the Merger, the combined company will consist of Secure Alliance's assets, which are primarily cash and cash equivalents, as well as all of Sequoia's assets, business and operations.

Q. How does the Board recommend that I vote on the proposals?

A. Our Board unanimously recommends that you vote "FOR" all of the proposals submitted.

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Q. What vote is required to approve the proposals?

A. For us to consummate the transactions contemplated by the Merger Agreement, including the Related Proposals, stockholders holding at least a majority of Common Stock outstanding at the close of business on the Record Date must vote "FOR" the approval and adoption of the Merger Agreement and each of the Related Proposals. The 2008 Plan requires the favorable vote of a majority of the votes cast at the Special Meeting, in person or by proxy, even if less than a quorum.

Q. Who may attend the special meeting?

A. All of our stockholders who owned shares on [_____], 2008, the Record Date for the Special Meeting, may attend.