

SECURED DIVERSIFIED INVESTMENT LTD
Form DEF 14C
November 09, 2006

SCHEDULE 14C INFORMATION

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

Check the appropriate box:

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

SECURED DIVERSIFIED INVESTMENT, LTD.

(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 14c-5(g) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

- Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**SECURED DIVERSIFIED INVESTMENT, LTD.
5205 East Lincoln Drive
Paradise Valley, Arizona 85253**

**Notice of Written Consent of Shareholders in Lieu of
Special Meeting of Shareholders**

Dear Stockholder:

On October 24, 2006, our Board of Directors unanimously approved, subject to stockholder approval, an amendment of our Articles of Incorporation to increase our total authorized capital stock from 7,500,000 shares to 102,500,000 shares in connection with an increase in our authorized common stock from 5,000,000 shares to 100,000,000 shares. The amendment will not effect a change to our 2,500,000 shares of authorized preferred stock. On October 27, 2006, holders of a majority of the outstanding shares of voting capital stock executed a written stockholder consent approving the amendment.

Pursuant to the provisions of the General Corporation Law of Nevada and our Articles of Incorporation, the holders of at least a majority of the outstanding shares of common stock are permitted to approve the amendment by written consent in lieu of a meeting, provided that prompt notice of such action is given to the other shareholders of our company. This written consent assures that the amendment will occur without your vote. Pursuant to the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), an information statement must be sent to our holders of common stock who do not sign the written consent at least twenty (20) days prior to the effective date of the action. This notice, which is being sent to all holders of common stock of record on November 9, 2006, is intended to serve as such notice under Nevada law and as the information statement required by the Exchange Act.

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

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Jan Wallace

President, Chief Executive Officer, and Director

**SECURED DIVERSIFIED INVESTMENT, LTD.
5205 East Lincoln Drive
Paradise Valley, Arizona 85253**

INFORMATION STATEMENT

This information statement is being furnished to our holders of common stock in connection with our prior receipt of approval by written consent of the holders of a majority of our common stock of a proposal to increase the number of shares of capital stock that we have authority to issue from 7,500,000 to 102,500,000 in connection with an increase in our authorized common stock from 5,000,000 shares to 100,000,000 shares. Accordingly, all necessary corporate approvals in connection with the matter referred to herein have been obtained and this information statement is furnished solely for the purpose of informing our holders of common stock, in the manner required under the Exchange Act, of the corporate action before it takes effect.

The mailing of this information statement is first being mailed to holders of common stock on or about November 9, 2006. Under applicable federal securities laws, the amendment of our Articles of Incorporation cannot be effected until at least 20 days after this information statement is sent or given to our holders of common stock. We will pay the expenses of furnishing this information statement, including the cost of preparing, assembling and mailing this information statement. We may use our transfer agent to assist us in this endeavor.

Action By Written Consent, Record Date, Outstanding Shares and Required Vote

Pursuant to the provisions of the General Corporation Law of Nevada and our Articles of Incorporation, the holders of at least a majority of the outstanding common stock are permitted to approve the amendment by written consent in lieu of a meeting, provided that prompt notice of such action is given to the other shareholders of our company.

Our Board of Directors fixed the close of business on October 27, 2006 as the record date for the determination of holders of common stock entitled to receive notice of the amendment of our Articles of Incorporation by written stockholder consent. As of the record date, we had 2,896,846 shares of common stock outstanding. Each outstanding share of common stock is entitled to one vote per share. The affirmative vote of a majority of the outstanding shares of common stock was required to approve the amendment of our Articles of Incorporation increasing our total authorized capital stock and the number of authorized shares of our common stock.

Amendment of Articles of Incorporation to Increase Authorized Common Stock

We are currently authorized to issue 5,000,000 shares of common stock, par value \$0.001 per share, and 2,500,000 shares of preferred stock, par value \$0.01 per share. Subject to the approval of the stockholders, on October 24, 2006, our Board of Directors approved an amendment to our Articles of Incorporation to increase our total authorized capital stock from 7,500,000 shares to 102,500,000 shares in connection with an increase in the number of authorized shares of common stock from 5,000,000 shares to 100,000,000 shares. No changes will be made to the number of authorized shares of our preferred stock. As of October 27, 2006, the proposal was

approved by written consent of the holders of a majority of our common stock. The proposal will be effectuated by amending the first sentence of Article III "Capital Stock" Section A. "Common Stock" of our Articles of Incorporation to read as follows:

"The total number of shares of Common Stock the Corporation is authorized to issue is ONE HUNDRED MILLION (100,000,000) shares \$.001 par value per share."

The increase in our authorized capital stock and the number of authorized shares of our common stock will be effective upon filing the amendment to our Articles of Incorporation, attached hereto as Exhibit "A," with the Secretary of State of the State of Nevada, which we anticipate to be on or about November 30, 2006, which is approximately 20 days after this information statement has been distributed to our stockholders.

Vote Obtained

On October 24, 2006, our Board of Directors adopted resolutions authorizing and approving the amendment to increase our authorized common stock. The Board of Directors directed management to submit the amendment to our stockholders for approval and reserved the right to abandon the amendment at any time prior to the effective date (as defined below).

By written consent in lieu of a meeting, the holders of a majority of the outstanding shares of common stock approved the amendment to our Articles of Incorporation. The holders of a majority of the outstanding shares of common stock include those listed in the below table:

<u>Holder of Common Stock</u>	<u>Number of Shares Held</u>
<i>Jan Wallace</i>	<i>600,000</i>
<i>Munjit Johal</i>	<i>200,000</i>
<i>Kelly Black</i>	<i>200,000</i>
<i>Donald Schwall</i>	<i>400,000</i>
<i>Helen West</i>	<i>125,000</i>

The members listed in the above table have approved the amendment by written consent dated as of October 27, 2006. Accordingly, your consent is not required and is not being solicited in connection with the amendment.

Purpose of Increasing the Authorized Shares of Our Common Stock

Our Board of Directors has determined that it is in our best interest to increase the number of authorized shares of common stock. The Board of Directors believes that the amendment will provide us with greater flexibility by increasing our authorized capital to allow us to issue additional shares of common stock as the Board of Directors deems necessary or advisable.

Prior to the amendment, we had 5,000,000 authorized shares of common stock, 2,896,820 of which are issued and outstanding, with 2,103,180 available for issuance. We currently have

outstanding shares of preferred stock, stock options, and warrants in the aggregate that are convertible into or exercisable for an amount of common stock that may exceed that currently available for issuance. As a result, we may not have sufficient shares of common stock available for issuance upon exercise or conversion of our preferred stock, stock options, and warrants. Consequently, the amendment to increase our authorized shares of common stock is necessary in order to validly issue shares of common stock upon the conversion or exercise of these securities.

In addition, the amendment to increase our authorized common stock will provide us with additional authorized but unissued shares for general corporate purposes, including raising additional capital through equity and/or convertible debt financings, issuances pursuant to stock incentive plans for employees, directors and consultants and possible future acquisitions. The Board of Directors believes that an increase in the total number of shares of authorized common stock will give us greater flexibility in responding quickly to advantageous financing and business opportunities that involve the direct or indirect issuance of additional shares of common stock and attracting and retaining key personnel through the issuance of stock incentive awards.

Effect of the Increase in Our Authorized Common Stock

The amendment to increase our authorized common stock will not have any immediate effect on the rights of existing stockholders. However, our Board of Directors will have the authority to issue authorized common stock or other securities convertible into or exercisable or exchangeable for common stock without requiring future stockholder approval of such issuances, except as may be required by our Articles of Incorporation or applicable law. To the extent that additional authorized shares are issued in the future, they may decrease the existing stockholders' percentage equity ownership and, depending on the price at which they are issued, could be dilutive to the existing stockholders.

The increase in the authorized number of shares of common stock and the subsequent issuance of such shares could have the effect of delaying or preventing a change in control of our company without further action by our stockholders. Shares of authorized and unissued common stock could, within the limits imposed by applicable law, be issued in one or more transactions which would make a change in control of our company more difficult, and therefore less likely. Any such issuance of additional stock could have the effect of diluting the earnings per share and book value per share of outstanding shares of common stock and such additional shares could be used to dilute the stock ownership or voting rights of a person seeking to obtain control of our company.

The Board of Directors is not currently aware of any attempt to take over or acquire our company. While it may be deemed to have potential anti-takeover effects, the amendment is not prompted by any specific effort or takeover threat currently perceived by management.

Description of Common Stock

The holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available at times and in amounts as the board of directors may from time to time determine, subordinate to any preferences that may be granted to the holders of preferred stock. Holders of common stock are entitled to one vote per share on all matters on which the holders of common stock are entitled to vote.

Our common stock is not entitled to preemptive rights and may not be redeemed or converted. Upon our liquidation, dissolution or winding up, after payment of all of our debts and liabilities and fulfillment of the rights of any outstanding class or series of preferred stock that has priority to distributed assets, the assets legally available for distribution to our shareholders are divided among the holders of the common stock, in proportion to the number of shares of common stock held by them. The rights of holders of common stock are subordinate to those of holders of any series of preferred stock.

Dissenters' Right of Appraisal

Under the General Corporation Law of Nevada, our stockholders are not entitled to appraisal rights with respect to the amendment to increase the amount of our authorized common stock, and we will not independently provide stockholders with any such right.

Interest of Certain Persons in Matter to Be Acted Upon

None of our officers or directors, nor any of their associates, has a substantial interest, direct or indirect, by security holdings or otherwise, in the amendment to increase the amount of our common stock.

Estimated Effective Time

We anticipate that the amendment will be filed with the Nevada Secretary of State and the increase in our common stock will become effective on or about November 30, 2006. However, in no event will the amendment to increase the amount of our common stock be consummated earlier than that twentieth day after this information statement is sent or given to those persons or entities that held our common stock as of the record date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE CAPITAL STOCK INCREASE, PASSED UPON THE MERITS OR FAIRNESS OF THE CAPITAL STOCK INCREASE, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS INFORMATION STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of our outstanding common stock by each executive officer and director, by each person known by us to beneficially own more than 5% of the outstanding shares of our common stock and by the executive officers and directors as a group. As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

Title of class	Name and address of beneficial owner	Amount of beneficial ownership	Percent of class⁽¹⁾
Executive Officers & Directors:			
Common	Jan Wallace ⁽²⁾ 5205 East Lincoln Drive Paradise Valley, Arizona 85253	1,000,000 shares	30.3%
Common	Peter Richman 5205 East Lincoln Drive Paradise Valley, Arizona 85253	0 shares	0%
Common	Jay Kister ⁽³⁾ 1569 Souvenir Drive El Cajon, California 92021	5,998 shares	Less than 1%
Common	Munjit Johal 5030 Campus Drive Newport Beach, California 92663	200,000 shares	6.9%
Total of All Directors and Executive Officers:			
Common		1,205,998 shares	36.5%
More Than 5% Beneficial Owners:			
Common	Kelly Black 7349 N. Scottsdale Road #515 Scottsdale, Arizona 85283	200,000 shares	6.9%
Common	Donald Schwall 8326 Geary Boulevard San Francisco, California 94121	400,000 shares	13.8%

⁽¹⁾ The percentage shown is based on denominator of 2,896,846 shares of common stock issued and outstanding for the company as of October 27, 2006, plus the particular beneficial owner's right to acquire common stock exercisable within 60 days.

⁽²⁾ Includes 600,000 shares of Common Stock held in her name and warrants to purchase 400,000 shares of Common Stock held in Wallace Black Financial & Investment Services.

⁽³⁾ Includes 5,000 shares of Common Stock held in his name and 998 shares held in joint tenancy with his wife Alicia Kister.

Other than the shareholders listed above, we know of no other person who is the beneficial owner of more than five percent of our common stock.

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Financial and Other Information

The following documents, filed by us with the Commission, are incorporated herein by reference:

- (i) Our Annual Report filed on Form 10-KSB, filed with the Commission on April 15, 2006 for the fiscal year ended December 31, 2005;
- (ii) Our Quarterly Reports filed on Form 10-QSB with the Commission on May 15, 2006 for the three month period ended March 31, 2006 and on August 21, 2006 for the six month period ended June 30, 2006.

Any statement contained in a document incorporated or deemed to be incorporated in this information statement shall be deemed to be modified or superseded for purposes of this information statement to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference modifies or supersedes such statement.

A copy of the documents incorporated herein by reference (excluding exhibits unless such exhibits are specifically incorporated by reference into the information incorporated herein) that are not presented with this document or delivered herewith, will be provided without charge to each person, including any beneficial owner, to whom an Information Statement is delivered, upon oral or written request of any such person and by first-class mail or other equally prompt means. Requests should be directed to the Company at 5205 East Lincoln Drive Paradise Valley, Arizona 85253.

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

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ Jan Wallace

President, Chief Executive Officer, and Director

EXHIBIT "A"