

DYNABAZAAR INC
Form S-4
June 04, 2007

As Filed with the Securities and Exchange Commission on June 4, 2007

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

DYNABAZAAR, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

7389
*(Primary Standard Industrial
Classification Code Number)*
**888 Seventh Avenue
New York, New York 10019
(212) 974-5730**

04-3351937
(IRS Employer Identification No.)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Sebastian Cassetta
President and Chief Executive Officer
Dynabazaar, Inc.
888 Seventh Avenue
New York, New York 10019
Phone: (212) 974-5730**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

***The Commission is requested to send copies of
all communications to:***

**Peter G. Smith
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Phone: (212) 715-9100**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common Stock, par value \$0.001 per share	13,094,941	N/A	\$3,404,684.77	\$104.52

(1) Represents the maximum number of shares of common stock, with par value \$0.001 per share, of Dynabazaar,

Inc. (Dynabazaar Common Stock) estimated to be issuable upon completion of the merger, based on the exchange ratio of 3.68 shares of Dynabazaar Common Stock for each share of common stock, par value \$0.001 per share, of L Q Corporation, Inc. (L Q Corporation Common Stock) (based on 3,214,408 shares of L Q Corporation Common Stock outstanding on May 31, 2007 and 344,000 shares of L Q Corporation Common Stock issuable pursuant to the exercise of L Q Corporation options outstanding on May 31, 2007.)

(2) Estimated solely for the purpose of calculating the amount of the registration fee required by Section 6(b) of the Securities Act of 1933 (the Securities Act), and calculated pursuant to Rules 457(f)(1) and 457(c) under the Securities Act, the proposed maximum aggregate offering price of the registrant s common stock was calculated based upon the market value of shares of L Q Corporation Common Stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: the product of (1) \$0.26 the average of the high and low prices per share of L Q Corporation Common Stock on May 25, 2007 as quoted on the Over-the-Counter Bulletin Board, multiplied by (2) 3,558,408, the sum of the aggregate number of shares of L Q Corporation Common Stock outstanding as of May 31, 2007 and the aggregate number of shares of L Q Corporation Common Stock issuable upon exercise of L Q Corporation options.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this joint proxy statement/prospectus is not complete and may be changed. Dynabazaar, Inc. and L Q Corporation, Inc. may not distribute and issue the shares of common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities and Dynabazaar, Inc. and L Q Corporation, Inc. are not soliciting an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 4, 2007

DYNABAZAAR, INC.

888 Seventh Avenue, 17th Floor
New York, NY 10024

L Q CORPORATION, INC.

888 Seventh Avenue, 17th Floor
New York, NY 10024

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.

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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 [_____] , 2007, the last trading day prior to the date of this joint proxy statement/prospectus, Dynabazaar common stock closed at \$[_.] per share. On [_____] , 2007, the last trading day prior to the date of this joint proxy statement/prospectus, L Q Corporation common stock closed at \$[_.] 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:
[_____] , 2007
: __ .m. local time
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036

For L Q Corporation stockholders:
[_____] , 2007
: __ .m. local time
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036

SEE RISK FACTORS BEGINNING ON PAGE [] 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,

/s/ Rory J. Cowan

Sincerely,

/s/ Steven Berns

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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 [_____] , 2007, and is first being mailed to stockholders of Dynabazaar and L Q Corporation on or about [_____] , 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 10024
Attention: Investor Relations
Telephone: (212) 974-5730

TO OBTAIN TIMELY DELIVERY OF REQUESTED MATERIALS, PLEASE REQUEST DOCUMENTS FROM DYNABAZAAR NO LATER THAN [_____] , 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 10024
Attention: Investor Relations
Telephone: (212) 974-5730

TO OBTAIN TIMELY DELIVERY OF REQUESTED MATERIALS, PLEASE REQUEST DOCUMENTS FROM L Q CORPORATION NO LATER THAN [_____] , 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 [__] 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 [_____] , 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.

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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 10024
(212) 974-5730

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS To Be Held [_____] , 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 [_____] , 2007, at [:__ .m.] local time. Only stockholders who hold shares of Dynabazaar common stock at the close of business on [_____] , 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 [__] 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 [__].

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
[_____] , 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 10024
(212) 974-5730

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS To Be Held [_____] , 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 [_____] , 2007, at _____m. local time. Only stockholders who hold shares of L Q Corporation common stock at the close of business on [_____] , 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.

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 [___] 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 [___].

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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
[_____] , 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 [] 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 [] and [], 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 [_____] 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 [__] 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?

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 [_____] shares of Dynabazaar common stock outstanding as of [_____, 2006] and [_____] shares of L Q Corporation common stock outstanding as of [_____, 2006], 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

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 [___], 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.

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 B.

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 [] 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 [], 2007, at [:___.m.] local time. Check-in will begin at [:___.m.] Please allow ample time for check-in procedures.

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

A: Yes, if you were a Dynabazaar stockholder as of the close of business on [], 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 [], 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 Dynabazaar board of directors recommend that I vote? (See page [])

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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 [] of this joint proxy statement/prospectus.

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

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 [] 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.