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YP NET INC
Form DEF 14C
July 22, 2003

SCHEDULE 14C
(RULE 14C-101)
INFORMATION REQUIRED IN INFORMATION STATEMENT

SCHEDULE 14C INFORMATION
INFORMATION STATEMENT PURSUANT TO SECTION 14(C) OF
THE SECURITIES EXCHANGE ACT OF 1934

Check the appropriate box:

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

YP.NET, INC.
(Name of Registrant As Specified In Its Charter)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

- No fee required
 Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which the 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:

YP.NET, INC.
4840 EAST JASMINE STREET, SUITE 105
MESA, ARIZONA 85205

NOTICE OF ACTION TO BE TAKEN PURSUANT TO THE WRITTEN CONSENT OF
MAJORITY STOCKHOLDERS IN LIEU OF A SPECIAL MEETING OF THE STOCKHOLDERS, DATED

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JULY 21, 2003

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the adoption of the YP.NET, Inc. 2003 Stock Plan (the "Plan") will be taken pursuant to the written consent of a majority of stockholders dated July 21, 2003, in lieu of a special meeting of the stockholders. Such action will be taken on or about August 12, 2003, the date that is 20 days after delivery to you of the attached Information Statement.

We are notifying you and all other holders of capital stock of YP.NET, Inc. (the "Company") in connection with the adoption of the Plan. As explained more fully in the accompanying Information Statement, the Board of Directors believes that the Plan is an essential element of the Company's comprehensive compensation program.

The Plan facilitates the Company's efforts to retain key service providers, including management, and to provide incentives to these individuals to promote the financial success of the Company over the long-term, primarily through the use of grants of restricted stock, performance shares and performance-based awards that will create value only as value is created for the Company's stockholders. The Plan is designed to reward key personnel on an ongoing basis for helping the Company achieve operating performance goals.

The accompanying Information Statement is furnished pursuant to Section 14(c) of the Securities Exchange Act of 1934 and Regulation 14C and Schedule 14C thereunder.

We are mailing the Information Statement on or about July 23, 2003 to stockholders of record of the Company at the close of business on June 30, 2003.

THIS IS NOT A NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS AND NO STOCKHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER WHICH WILL BE DESCRIBED HEREIN.

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

By Order of the Board of Directors,

/s/ ANGELO TULLO

Angelo Tullo
Chairman, President and Chief Executive Officer

Mesa, Arizona
July 23, 2003

YP.NET, INC.
4840 EAST JASMINE STREET, SUITE 105
MESA, ARIZONA 85205

INFORMATION STATEMENT
PURSUANT TO SECTION 14(C)
OF THE SECURITIES EXCHANGE ACT OF 1934
AND REGULATION 14C AND SCHEDULE 14C THEREUNDER

July 23, 2003

This Information Statement is being mailed on or about July 23, 2003 to the stockholders of record on June 30, 2003 (the "Record Date") of YP.NET, Inc., a Nevada corporation (the "Company"), in connection with the adoption of the Company's 2003 Stock Plan (the "Plan") pursuant to the written consent by the

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majority stockholders of the Company, dated as of July 21, 2003. The action to be taken pursuant to the written consent shall be made effective on or about August 12, 2003, 20 days after the mailing of this Information Statement.

The Plan provides for the granting of restricted stock, performance shares and performance-based awards to key service providers, including management, consultants and other persons who perform services which contribute to the successful performance of the Company.

The Board of Directors of the Company approved the adoption of the Plan by unanimous written consent dated as of June 30, 2003 as it believes that such actions are in the best interests of the Company and its stockholders. The majority stockholders of the Company, which comprise ownership of 27,816,062 shares of common stock out of a total of 42,930,722 shares issued and outstanding as of the Record Date, approved the adoption of the Plan by written consent dated as of July 21, 2003. This Information Statement is furnished only to inform stockholders of the Company of the above action taken by the majority stockholders of the Company before such action takes effect in accordance with the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act").

The elimination of the need for a special or annual meeting of stockholders to ratify or approve the Plan is authorized by Section 78.320(2) of the Nevada General Corporation Law (the "NGCL") and Article II, Section 2.5 of the Company's Bylaws, which provide that the written consent of stockholders holding at least a majority of the voting power may be substituted for such a special or annual meeting. In order to eliminate the costs and management time involved in holding a special or annual meeting and in order to effect or ratify the Plan as early as possible in order to accomplish the purposes of the Company as hereafter described, the Board of Directors of the Company voted to utilize the written consent of stockholders holding a majority of the voting power of the Company.

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

OUTSTANDING SHARES AND VOTING RIGHTS

As of the Record Date, the Company's authorized capitalization consisted of 100,000,000 shares of common stock, \$0.001 par value, of which 42,930,722 were issued and outstanding as of the Record Date, 140,000,000 shares of Preferred Stock, \$0.001 par value, 3,000,000 shares of which are designated Series A Convertible Preferred Stock, of which no shares are outstanding; 2,500,000 shares of which are designated Series B Convertible Preferred Stock, of which no shares are outstanding; 45,000,000 shares of which are designated Series C Convertible Preferred Stock, of which no shares are outstanding; 45,000,000 shares of which are designated Series D Preferred Stock, of which no shares are outstanding; and 200,000 shares of which are designated Series E Convertible Preferred Stock, of which 131,840 shares are outstanding. Holders of common stock of the Company have no preemptive rights to acquire or subscribe to any of the additional shares of common stock.

Each share of common stock entitles its holder to one vote on each matter submitted to the stockholders. However, because stockholders holding at least a majority of the voting rights of all outstanding shares of capital stock as at the Record Date have voted in favor of the foregoing proposal by resolution dated July 21, 2003 and having sufficient voting power to approve such proposal through their ownership of capital stock, no other stockholder consents will be solicited in connection with this Information Statement.

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Pursuant to Rule 14c-2 under the Exchange Act, the adoption of the Plan will not take effect until a date at least 20 days after the date on which this Information Statement has been mailed to the stockholders. The Company anticipates that the actions contemplated herein will be effected on or about the close of business on August 12, 2003.

The Company has asked brokers and other custodians, nominees and fiduciaries to forward this Information Statement to the beneficial owners of the common stock held of record by such persons and will reimburse such persons for out-of-pocket expenses incurred in forwarding such material.

This Information Statement will serve as written notice to stockholders pursuant to Section 78.370 of the NGCL.

INFORMATION REGARDING BENEFICIAL OWNERSHIP OF PRINCIPAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of July 21, 2003, with respect to (i) each person known to the Company to be the beneficial owner of more than 5% of the Company's common stock; (ii) each officer and director of the Company; (iii) each person intending to file a written consent to the adoption of the proposal described herein; and (iv) all directors, executive officers and designated stockholders of the Company as a group. This information as to beneficial ownership was furnished to the Company by or on behalf of the persons named. Unless otherwise indicated, the business address of each person listed is 4840 East Jasmine Street, Suite 105, Mesa, Arizona 85205.

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Name -----	Shares Beneficially Owned -----	Percent of Shares Outstanding (1) -----
Angelo Tullo (2)	4,300,000	10.5%
Gregory B. Crane (3)	1,077,500	2.51%
DeVal Johnson (4)	1,125,000	2.63%
David J. Iannini (5)	300,000	*
Daniel L. Coury, Sr.	50,000	*
Peter Bergmann	50,000	*
Matthew & Markson Ltd. (6) (7)	10,566,062	24.7%
Morris & Miller Ltd. (6) (7)	10,350,000	24.2%
Sunbelt Financial Concepts, Inc. (8)	4,000,000	9.4%
 All executive officers and directors as a group (6 persons)	 6,902,500	 16.1%