

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

SCIENTIFIC INDUSTRIES INC  
Form DEF 14A  
November 03, 2008

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant [ X ]  
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- [ ] Preliminary Proxy Statement  
[ ] Confidential, for Use of the Commission Only (as permitted  
by Rule 14a-6(e)(2))  
[X] Definitive Proxy Statement  
[ ] Definitive Additional Materials  
[ ] Soliciting Material Pursuant to Section 240.14a-12

SCIENTIFIC INDUSTRIES, INC.

-----  
(Name of Registrant as Specified In Its Charter)

-----  
(Name of Person(s) Filing Proxy Statement, if other than the  
Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.  
[ ] Fee computed on table below per Exchange Act Rules  
14a-6(i)(4) 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

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

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:  
-----

SCIENTIFIC INDUSTRIES, INC.

October 27, 2008

Dear Fellow Stockholders:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Scientific Industries, Inc. which will be held at 11:00 a.m. (New York time) on Wednesday, December 3, 2008 at Reitler Brown & Rosenblatt LLC, 800 Third Avenue, 21st Floor, New York, NY 10022.

Information concerning the matters to be considered and voted upon at the Annual Meeting is set out in the attached Notice of 2008 Annual Meeting of Stockholders and Proxy Statement.

It is important that your shares be represented at the 2008 Annual Meeting, regardless of the number of shares you hold and whether or not you plan to attend the meeting in person. Accordingly, please complete, sign and date the enclosed proxy card and return it as soon as possible in the accompanying business reply envelope so that your shares will be represented at the Annual Meeting. This will not limit your right to vote in person or to attend the meeting.

Thank you for your continued support.

Sincerely,

/s/ Joseph G. Cremonese

\_\_\_\_\_  
Joseph G. Cremonese  
Chairman

SCIENTIFIC INDUSTRIES, INC.

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

70 Orville Drive  
Bohemia, New York 11716

---

### NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

DECEMBER 3, 2008

Notice is hereby given that the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Scientific Industries, Inc., a Delaware corporation (the "Company"), will be held on Wednesday, December 3, 2008, at 11:00 a.m. (New York time) at Reitler Brown & Rosenblatt LLC, 800 Third Avenue, 21st Floor, New York, NY 10022, for the following purposes:

1. To elect two Class C Directors to the Company's Board of Directors to serve until the Company's annual meeting of stockholders with respect to the year ending June 30, 2011 and until the election and qualification of their respective successors.
2. To ratify the appointment of the independent registered public accounting firm of Nussbaum Yates Berg Klein & Wolpow, LLP as the Company's auditor for the fiscal year ending June 30, 2009.
3. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The foregoing items of business are more fully described in the accompanying proxy statement.

The Board of Directors has fixed the close of business on October 27, 2008, as the record date for determination of stockholders entitled to notice of and to vote at, the Annual Meeting and at any adjournments or postponements thereof.

A complete list of the stockholders entitled to vote at the Annual Meeting will be available for inspection by any stockholder of the Company at the Annual Meeting. In addition, the list will be open for examination by any stockholder of the Company for any purpose germane to the Annual Meeting during ordinary business hours for a period of ten days prior to the Annual Meeting at the offices of the Company.

You are requested to fill in and sign the enclosed form of proxy, which is being solicited by the Board of Directors of the Company, and mail it promptly in the enclosed postage paid envelope. Any proxy may be revoked by delivery of a later dated proxy.

By Order of your Board of Directors,

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

/s/ Robert P. Nichols

---

Robert P. Nichols  
Secretary

Bohemia, New York  
October 27, 2008

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, WE KINDLY REQUEST THAT YOU PLEASE COMPLETE, SIGN, DATE, AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE PAID ENVELOPE PROVIDED. IF YOU ARE A STOCKHOLDER OF RECORD AND YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.

YOUR VOTE IS IMPORTANT

SCIENTIFIC INDUSTRIES, INC.  
70 Orville Drive  
Bohemia, New York 11716

PROXY STATEMENT

---

2008 ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON DECEMBER 3, 2008

---

Solicitation of Proxies

This proxy statement is furnished in connection with the solicitation of proxies by and on behalf of the Board of Directors (the "Board") of Scientific Industries, Inc., a Delaware corporation (the "Company"), for use at the 2008 Annual Meeting of Stockholders (the "Annual Meeting") to be held at Reitler Brown & Rosenblatt LLC, 800 Third Avenue, 21st Floor, New York, NY 10022, on Wednesday, December 3, 2008, at 11:00 a.m. (New York time), and at any adjournments or postponements thereof.

At the Annual Meeting, stockholders of the Company will be asked to: (1) elect two Directors of the Company to serve until the Company's annual meeting of stockholders with respect to the fiscal year ending June 30, 2011, and the election and qualification of their respective successors; (2) ratify the appointment of Nussbaum Yates Berg Klein & Wolpow, LLP, an independent

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

registered public accounting firm as the Company's auditor for the fiscal year ending June 30, 2009; and (3) transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

### Record Date, Voting Rights

Only stockholders of record of the Company's Common Stock, par value \$0.05 per share (the "Common Stock"), as of the close of business on October 27, 2008 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. On the Record Date, there were 1,181,352 shares of Common Stock issued and outstanding. Each share of Common Stock is entitled to one vote.

The presence at the Annual Meeting, in person or by a properly executed proxy, of the holders of a majority of the outstanding shares of the Company's Common Stock as of the Record Date is necessary to constitute a quorum. Abstentions and broker "non-votes" are included in the determination of the number of shares of Common Stock present at the Annual Meeting for quorum purposes. A broker "non-vote" occurs when a nominee holding shares of Common Stock for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

### Voting of Proxies, Revocation, Solicitation

All stockholders who deliver properly executed and dated proxies to the Company prior to the Annual Meeting will be deemed present at the Annual Meeting regardless of whether such proxies direct the proxy holders to vote for or against, or to withhold or abstain from voting. The proxies, when properly executed and returned to the Company, will be voted in accordance with the instructions given therein by the person executing the proxy. In the absence of instructions, properly executed proxies will be voted FOR (1) the election of the Board's nominees, Joseph G. Cremonese and Roger B. Knowles, as Directors of the Company;

and (2) the ratification of the appointment by the Board of Directors of Nussbaum Yates Berg Klein & Wolpov, LLP, an independent registered public accounting firm as the auditor of the Company's annual financial statements for the fiscal year ending June 30, 2009.

Any stockholder who executes and delivers a proxy may revoke it at any time before it is voted by delivering a written notice of such revocation to the Secretary of the Company at the address of the Company set forth in this proxy statement, by submitting a properly executed proxy bearing a later date, or by appearing at the Annual Meeting and requesting the return of the proxy or by voting in person. In accordance with applicable rules, boxes and designated spaces are provided on the proxy card for stockholders to mark if they wish either to vote for or withhold authority to vote for the nominees for Directors, or to vote for or against or to abstain from voting for the proposal to ratify the appointment of the Company's auditor.

A stockholder's attendance at the Annual Meeting will not, by itself, revoke a proxy given by that stockholder. Stockholders vote at the Annual Meeting by casting ballots (in person or by proxy), which are tabulated by a person who is appointed by the Board of Directors before

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

the Annual Meeting to serve as inspector of election at the Annual Meeting and who has executed and verified an oath of office.

It is anticipated that this proxy statement, the enclosed proxy card and the Company's Annual Report will be mailed to the Company's stockholders on or about October 31, 2008.

### PRINCIPAL STOCKHOLDERS

The following table sets forth as of October 27, 2008 certain information as to each person who to the Company's knowledge, based upon such person's representations or publicly available filings, beneficially owned more than 5% of the outstanding shares of the Company's Common Stock as of that date:

Name and Address of Beneficial Owner -----	Shares Beneficially Owned** -----	Percent of Class*** -----
James S. Segasture*	187,250 (1)	15.8
Lowell A. Kleiman 16 Walnut Street Glen Head, NY 11545	139,581 (2)	11.8
Grace S. Morin*	82,950	7.0
Joseph I. Kesselman*	64,120 (3)	5.4
Concentric Investment Mgmt. LLC One International Place, Ste. 2401 Boston, MA 02110	61,857 (4)	5.2
Arthur M. Borden*	60,740 (5)	5.1

\* His or her address is c/o Scientific Industries, Inc., 70 Orville Drive, Bohemia, New York 11716.

\*\* Beneficial ownership, as such term is used herein, is determined in accordance with Rule 13d-3(d)(1) promulgated under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and includes voting and/or investment power with respect to shares of Common Stock of the Company. Unless otherwise indicated, the named person possesses

sole voting and investment power with respect to the shares. The shares shown include shares issuable pursuant to options held by the named person that may be exercised within 60 days of the date indicated above.

\*\*\* Percentages of ownership are based upon the number of shares of Common Stock issued and outstanding. Shares of Common Stock that may be acquired pursuant to options that are exercisable within 60 days of the date indicated above are deemed outstanding for computing the percentage ownership of the person holding such options, but are not deemed outstanding for the percentage ownership of any other person.

(1) Includes 4,000 shares issuable upon exercise of options and 493

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

shares owned by his wife.

(2) Based on information reported on Schedule 13(d) filed with the Securities and Exchange Commission on October 30, 2002.

(3) Includes 12,000 shares issuable upon exercise of options, 735 shares of Common Stock owned jointly with his wife, and 4,000 shares of Common Stock owned by his wife.

(4) Based on information reported on Schedule 13G filed with the Securities and Exchange Commission on February 15, 2008.

(5) Includes 16,000 shares issuable upon exercise of options.

### PROPOSAL 1

#### ELECTION OF DIRECTORS

##### General

The Company's Certificate of Incorporation provides for a classified Board of Directors, consisting of three classes, each class serving a three-year term on a staggered basis. The Board of Directors is currently comprised of six members, of whom two are Class A Directors, two are a Class B Directors and two are Class C Directors. At the Annual Meeting, two Class C Directors are to be elected to serve until the annual meeting of stockholders with respect to the fiscal year ending June 30, 2011, and until their successors are duly elected and qualified. Shares of Common Stock represented by proxies solicited by the Board of Directors will be voted for the nominees hereinafter named if authority to do so is not specifically withheld. If for any reason said nominees shall become unavailable for election, which is not now anticipated, the proxies will be voted for a substitute nominee designated by the Board of Directors.

The Directors of the Company are elected by the affirmative vote of the holders of a plurality of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote. A plurality means that the nominee with the largest number of votes is elected as Director. In tabulating the vote, abstentions and broker "non-votes" will be disregarded and will have no effect on the outcome of the vote.

The Board of Directors recommends that stockholders vote FOR the election of the nominees identified below to the Board of Directors.

##### Nominees

The Board of Directors has designated Mr. Joseph G. Cremonese and Mr. Roger B. Knowles, both currently Class C Directors, as their nominees for election.

Joseph G. Cremonese (age 72), a Director since November 2002 and Chairman of the Board since February 2006, has been a marketing consultant to the Company since 1996. Mr. Cremonese has been since 1991, President of Laboratory Innovation Company, Ltd., which is a vehicle for technology transfer and consulting services for companies, including the Company, engaged in the production and sale of products for science and biotechnology. Since March

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

2003, he has been a director of and consultant to Proteomics, Inc., a producer of recombinant proteins for medical research. Prior to 1991, he had been employed by Fisher Scientific, the largest U.S. distributor of laboratory equipment.

Roger B. Knowles (age 83), a Director since 1965, is retired. During the past five years he has been involved in liquidating various real estate and manufacturing concerns.

### Other Directors

#### Class A Directors:

Arthur M. Borden, Esq. (age 88), a Director since 1974, has been counsel to the law firm of Katten Muchin Rosenman LLP (formerly Rosenman & Colin) during the past five years. He is a director of Supreme Industries, Inc., a nationwide manufacturer of specialized truck bodies.

James S. Segasture (age 72), a Director since 1991, has been a private investor since February 1990.

#### Class B Directors:

Joseph I. Kesselman (age 83), a Director since 1961 and Chairman of the Board from August 2002 until his resignation in February 2006, has been for more than five years a consultant to various corporations, including Nuclear and Environmental Protection Inc. and Hopare Holding, S.A. (a Swiss company), both companies of which he was previously a director.

Grace S. Morin (age 60 ), a Director since December 4, 2006, had been President, Director and principal stockholder of Altamira Instruments, Inc. from December 2003 until its acquisition by the Company on November 30, 2006. Ms. Morin has been engaged by Altamira to supervise its administrative functions at the Pittsburgh, Pennsylvania facility. Prior to December 2003, she was a general business consultant for two years, and prior to that she was a member of senior management of a designer of gas flow environmental engineered products for approximately four years.

### Stock Ownership

The following table sets forth, as of October 27, 2008, the number of shares of Common Stock beneficially owned by (i) each Director of the Company, including the nominees for Directors, (ii) each executive officer of the Company identified in the Summary Compensation Table under "Executive Officers," and (iii) all directors and executive officers as a group.

Beneficial Owner -----	Number -----	Percentage -----
Arthur M. Borden	60,740 (1)	5.1%
Joseph G. Cremonese	41,597 (2)	3.5%
Joseph I. Kesselman	64,120 (3)	5.4%
Roger B. Knowles	4,000 (4)	.3%
Grace S. Morin	82,950	7.0%



## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

James S. Segasture	187,250 (5)	15.8%
Helena R. Santos	18,000 (6)	1.5%
Robert P. Nichols	27,800 (7)	2.1%
Brookman P. March	82,950 (8)	7.0%

All current directors and executive officers as a group (8 persons) 483,657 (9) 38.8%

- (1) Includes 16,000 shares issuable upon exercise of options.
- (2) Includes 31,597 shares owned jointly with his wife and 10,000 shares issuable upon exercise of options.
- (3) Includes 12,000 shares issuable upon exercise of options, 735 shares of Common Stock owned jointly with his wife, and 8,000 shares of Common Stock owned by his wife.
- (4) Represents shares issuable upon exercise of options.
- (5) Includes 4,000 shares issuable upon exercise of options and 493 shares owned by his wife.

- (6) Includes 5,000 shares issuable upon exercise of options.
- (7) Includes 13,000 shares issuable upon exercise of options.
- (8) Represents shares owned by his wife, Ms. Morin.
- (9) Includes 64,000 shares issuable upon exercise of options.

### Board Committees

Joseph I. Kesselman and James S. Segasture have been the sole members of the Company's Stock Option Committee and serve at the discretion of the Board. The Company administers the Company's 2002 Stock Option Plan ("2002 Plan").

Grace S. Morin, Joseph I. Kesselman, and James S. Segasture have been the members of the Company's Compensation Committee and serve at the discretion of the Board. The Company administers the Company's compensation policies.

The Board of Directors acts as the Company's Audit Committee.

The Company does not have a financial expert on the Audit Committee as defined by the Securities and Exchange Commission; however, the Company believes that the members of the Audit Committee have sufficient knowledge to properly evaluate and analyze the Company's financial statements.

### Meetings

During the fiscal year ended June 30, 2008 ("fiscal 2008"), the Board of Directors held five meetings, at each of which all persons who were Directors at the time were present.

### Directors' Compensation and Options

DIRECTORS' COMPENSATION  
FOR THE YEAR ENDED JUNE 30, 2008

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Awards (\$) (d)	Non- Equity Incentive Plan Comp- ensation (\$) (e)
Arthur M. Borden	11,000	0	0	0
Joseph G. Cremonese	23,000	0	0	0
Joseph I. Kesselman	11,000	0	0	0
Roger B. Knowles	11,000	0	0	0
Grace S. Morin	0	0	0	0
James S. Segasture	11,000	0	0	0

DIRECTORS' COMPENSATION (CONTINUED)

Name (a)	Changes in Pension Value and Non- qualified Deferred Compens- ation Earnings (\$) (f)	Non- qualified Deferred Comp- ensation Earnings (\$) (g)	All Other Comp- ensation (\$) (h)	Total (\$) (i)
Arthur M. Borden		0	0	11,000
Joseph G. Cremonese		0	36,000 (1)	59,000
Joseph I. Kesselman		0	0	11,000
Roger B. Knowles		0	0	11,000
Grace S. Morin		0	59,700 (2)	59,700

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

James S. Segasture	0	0	11,000
-----------------------	---	---	--------

---

(1) Represents amount paid to his affiliate pursuant to a marketing consulting agreement (see

"Related Transactions" below).

(2) Employee compensation received for her administrative services on behalf of Altamira.

The Company pays to each non-employee Director a quarterly retainer fee of \$1,500 and \$1,000 for each meeting attended. In addition, the Company reimburses each Director for out-of-pocket expenses incurred in connection with attendance at board meetings in the amount of \$50 or the Director's itemized expenses, whichever is greater. Mr. Cremonese, as Chairman of the Board since February 2006, receives an additional fee of \$1,000 per month. During fiscal 2008, the fees to non-employee Directors aggregated \$103,000, including the consultant fee paid to Mr. Cremonese's affiliate.

Pursuant to the Company's 1992 Stock Option Plan ("1992 Plan") options to purchase 3,000 shares of Common Stock at the then fair market value were granted to each non-employee director who was on the Board of Directors on the first business day of each March, in 1993, 1994, 1995, and 1996, namely Messrs. Borden, Kesselman, Knowles and Segasture. In addition, in December 1997 and through December 2002 the Board of Directors granted under the 1992 Plan annually options to purchase 4,000 shares of Common Stock to each of them exercisable at the fair market value on the date of grant. Accordingly, as of June 30, 2008, the Company had granted under the 1992 Plan to the foregoing four non-employee Directors options to purchase an aggregate of 128,000 shares of Common Stock, or options to purchase 32,000 shares of Common Stock for each. The fair market value per share of Common Stock on the dates of grant ranged from \$0.50 for options granted in 1993 to \$2.40 in 2002. As of June 30, 2008, options under the 1992 Plan with respect to 92,000 shares had been exercised by the Directors. In addition, they had exercised options with respect to 48,000 shares granted to them prior to the adoption of the 1992 Plan.

Under the Company's 2002 Plan, none of the Directors at the time of the adoption by the Board of Directors of the 2002 Plan (subsequently approved at the 2002 Annual Meeting of Stockholders by stockholders) were eligible to receive option grants. Mr. Joseph G. Cremonese who was elected Director at the 2002 Annual Meeting of Stockholders, was granted on December 1, 2003 a five-year option to purchase 5,000 shares of Common Stock at the fair market value of \$1.35 per share. On February 20, 2007, the Company granted him another five-year option to purchase 5,000 shares of Common Stock at the fair market value of \$3.10 per share. The options had a fair value of \$10,100 of which \$3,000 was recognized as expense in fiscal 2008. Both options have not been exercised.

### Executive Officers and Key Personnel

Ms. Helena R. Santos and Mr. Robert P. Nichols are the executive officers of the Company. Mr. Brookman P. March, is President and

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

Director of Sales and Marketing of the Company's subsidiary, Altamira Instruments, Inc.

Ms. Santos, CPA (age 44), employed by the Company since 1994, was appointed in August 2002 as President, Chief Executive Officer and Treasurer. Previously she served as Vice President, Controller from 1997 and Secretary from May 2001. Ms. Santos was an internal auditor with a major defense contractor from March 1991 to April 1994. She had been previously employed in public accounting.

Mr. Nichols (age 47), employed by the Company since February 1998, was appointed in August 2002 as Executive Vice President. He had been Vice President, Engineering from May 2001. Prior to joining the Company, Mr. Nichols was an Engineer Manager with Bay Side Motion Group, a precision motion equipment manufacturer from January 1996 to February 1998.

Mr. March (age 63) has been Director of Sales and Marketing since November 30, 2006 and President since July 2008 of Altamira, which conducts the catalyst research instruments operation. He had been Vice President and a Director of Altamira from December 2003 until it was acquired on November 30, 2006 by the Company.

The executive officers of the Company are elected by the Board of Directors and hold office until their respective successors are elected and qualified or until his or her earlier resignation or removal. None of the officers need to be Directors, and more than one office may be held by the same person. There is no arrangement or understanding between any executive officer and any person other than the Company regarding election as an officer. The President of the Company's subsidiary, Altamira Instruments, Inc. is the husband of Ms. Grace S. Morin, a director of the Company.

Ms. Helena R. Santos and Mr. Robert P. Nichols are employed pursuant to two-year employment agreements dated December 29, 2006. The agreements provide for annual base salaries of \$120,000 for Ms. Santos and \$115,000 for Mr. Nichols. They provide for annual bonuses at the discretion of the Board and contain non-competition and confidentiality covenants. The Board awarded bonuses to each of Ms. Santos and Mr. Nichols of \$10,000 paid in fiscal 2007 and fiscal 2008.

In connection with the Altamira acquisition during fiscal 2007, Altamira entered into a two-year employment agreement dated November 30, 2006 with Mr. Brookman March, who had been Altamira's Vice President and a Director, employing him currently as the subsidiary's Director of Sales and Marketing. He was appointed, in addition, in July 2008 President of the subsidiary. A new employment agreement with Altamira is currently being negotiated.

The Compensation Committee along with the other members of the Board reviews and determines the compensation payable to executives. In making a determination, the Committee and the Board give material consideration to the Company's results of operations and financial condition and competitive factors. The compensation at times includes grants of options under its stock option plan to the named executives, each subject to long-term employment agreements, containing terms which the Board of Directors deemed reasonable. The Board is cognizant that as a relatively small company, the Company has limited resources and opportunities with respect to recruiting and retaining key executives. Accordingly, the Company has relied upon long-term employment agreements

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

to retain qualified personnel.

The following table summarizes all compensation paid by the Company to its Chief Executive Officer ("CEO"), who is also its Chief Financial Officer ("CFO"), and President; and to its Executive Vice President and since November 30, 2006, to the Director of Sales and Marketing of its catalyst research instruments subsidiary with respect to each of the two fiscal years ended June 30, 2008 and 2007. No other executive officer earned in excess of \$100,000 in any of such fiscal periods.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Fiscal Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$) (f)	Non- Equity Incentive Plan Comp- ensation (\$) (g)
Helena R. Santos, CEO, President, CFO	2008	120,000	10,000	0	0	0
	2007	115,000	10,000	0	0	0
Robert P. Nichols, Exec. V. P.	2008	115,000	10,000	0	0	0
	2007	110,000	10,000	0	0	0
Brookman P. March, Director of Market- ing and Sales of Altamira (2)	2008	110,000	0	0	0	0
	2007	64,200	0	0	0	0

SUMMARY COMPENSATION TABLE (CONTINUED)

Name and Principal Position (a)	Fiscal Year (b)	Non- Qualified Deferred Comp- ensation Earnings (\$) (h)	All Other Comp- ensation (\$) (i)	Total (\$) (j)
Helena R. Santos, CEO, President, CFO	2008	2,600	(1)	132,600
	2007	2,500	(1)	127,500

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

Robert P. 2008 2,500 (1) 127,500  
 Nichols, 2007 2,400 (1) 122,400  
 Exec.  
 V. P.

Brookman 2008 4,400 (1) 114,400  
 P. March, 2007 2,600 (1) 66,800  
 Director  
 of Market-  
 ing and  
 Sales of  
 Altamira(2)

(1) Represents the Company's matching contribution under the Company's 401(k) Plans.

(2) He was also appointed President of Altamira in July 2008.

Pursuant to the Altamira acquisition agreement, Altamira entered into a long-term employment agreement on November 30, 2006 employing Mr. Brookman P. March as Director of Marketing and Sales.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Option Awards					
Name (a)	Number of Securities Under- lying Un- exercised Options (#) Exercisable (b)	Number of Securities Under- lying Unexercised Options (#) Unexerci- sable (c)	Inactive Plan Awards Number of Securities Underlying Unexercised Options (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)
Helena R. Santos	5,000	0	0	.84	5/2009
Robert P. Nichols	8,000 5,000	0 0	0 0	.84 1.25	5/2009 10/2012
Brookman P. March	0	0	0	0	-

Option Grants in Last Fiscal Year

There were no options granted to officers during fiscal 2008.

Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

Name	Shares of Common Stock Acquired On Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-money Options at FY-End (\$) Exercisable/ Unexercisable(1)
Robert P. Nichols	12,000	22,300	13,000/0	37,700/0

(1) Calculated by multiplying the number of shares of Common Stock subject to options by the difference between: (i) the market price on date of exercise, and June 30, 2008, respectively, and (ii) the exercise price.

### Related Transactions

Mr. Joseph G. Cremonese, who was first elected a Class C Director at the Annual Meeting of Stockholders in November 2002 or his affiliate, Laboratory Innovation Company, Ltd., have been providing independent marketing consulting services to the Company for approximately nine years. The services have been rendered since January 1, 2003 pursuant to a consulting agreement which was amended and restated in March 2007. The agreement as amended and restated provides that Mr. Cremonese and his affiliate render, at the request of the Company, through December 31, 2008 marketing consulting services of at least 60, but not more than 96, days per year at the rate of \$600 per day with a monthly payment of \$3,000, with the Company's obligation reduced to the extent the consulting services are less than 60 days for the 12 month period. The agreement contains confidentiality and non-competition covenants. During fiscal 2008, the Company paid an aggregate of \$36,000 for the consulting services.

Ms. Grace S. Morin, was first elected a Class B Director in December 2006 in connection with the sale of her 90.36% ownership interest in Altamira Instruments, Inc. to the Company in November 2006. Under the purchase agreement the selling stockholders are to receive (in addition to cash and stock) an amount in aggregate equal to 5% of net sales of Altamira for each of five designated periods, subject to possible adjustment. The first period ran from December 1, 2006 through June 30, 2007, the second, third, and fourth periods are the 12 months ended June 30, 2008, June 30, 2009, and June 30, 2010 and the fifth period will be from July 1, 2010 to November 30, 2010. Ms. Morin received \$59,700 in contingent consideration for the first period and \$131,000 for the second period. She also received \$36,400 as an agreed upon reimbursement for the Company's treatment of the transaction as a purchase of assets for tax purposes.

### Section 16(a) Reporting

The Company believes that, for the year ended June 30, 2008, its officers, directors and 10% stockholders timely complied with all filing requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended.

## PROPOSAL 2

### APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

The Board of Directors, subject to stockholders' approval, appointed the independent registered public accounting firm of Nussbaum Yates Berg Klein & Wolpow, LLP (the "Firm") as the Company's auditor for its financial statements for fiscal year ending June 30, 2009. The Firm has audited the consolidated financial statements of the Company since 1991. A representative of the Firm is expected to be present at the Annual Meeting, and will have an opportunity to make a statement to the stockholders and will be available to respond to appropriate questions. The ratification of the appointment will require the affirmative vote of the holders of a majority of the outstanding shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote. Abstentions will be included in determining the number of shares of Common Stock present or represented and entitled to vote for purposes of approval and will have the effect of votes "against" the proposal. Broker "non-votes" will not be counted in determining the number of shares of Common Stock present or represented and entitled to vote to approve the proposal and will therefore not have the effect of votes either "for" or "against".

Stockholder ratification of the appointment is not required by the Company's Certificate of Incorporation or By-laws or otherwise. If the stockholders fail to ratify the appointment, the Board of Directors will reconsider whether to retain that firm. Even if the appointment is ratified, the Board of Directors in its discretion may direct the appointment of a different independent registered public accounting firm as the auditor at any time during the year if the Board of Directors determines that such a change would be in the best interest of the Company and its stockholders.

The following is a description of the fees incurred by the Company for services by the Firm during fiscal 2008 and fiscal 2007.

**Audit Fees:** The Company incurred fees of the Firm of approximately \$37,000 and \$35,000, respectively, in connection with its audit of the Company's financial statements for fiscal 2008 and fiscal 2007, and \$9,000 and \$4,500, respectively, in connection with the review of the Company's interim financial statements included in the Company's Quarterly Reports on Form 10-QSB during fiscal 2008 and fiscal 2007.

**Tax Fees:** The Company incurred fees of the Firm of approximately \$4,000 for each of fiscal 2008 and fiscal 2007, in connection with preparation of the corporate tax returns.

**Financial Information Systems Design and Implementation Fees:** The Firm was not engaged by the Company during either fiscal 2008 or fiscal 2007 to provide advice regarding financial information systems design and implementation.

**Other Fees:** The Company paid to the Firm \$12,600 and \$39,900 in fiscal 2008 and 2007, respectively, primarily in connection with the acquisition of Altamira.

The Board of Directors unanimously recommends that the stockholders vote FOR the ratification of the appointment of the independent registered public accounting firm of Nussbaum Yates Berg Klein & Wolpow, LLP as the auditor of the Company's financial statements for the fiscal year ending June 30, 2009.

OTHER MATTERS



## Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

The Board of Directors is not aware of any matters other than those set forth in this proxy statement that will be presented for action at the Annual Meeting; however, if any other matters properly come before the Annual Meeting, the persons named as proxies intend to vote the shares of Common Stock they represent in accordance with their judgment on such matters.

### ADDITIONAL INFORMATION

The Company's Annual Report to Stockholders for the fiscal year ended June 30, 2008, includes its Annual Report on Form 10-KSB for the year which was filed with the U.S. Securities and Exchange Commission on September 29, 2008. The Annual Report to Stockholders on Form 10-KSB is not part of this proxy material, but is being mailed to stockholders with this proxy solicitation.

### STOCKHOLDER PROPOSALS

Proposals of stockholders of the Company intended to be presented at the Company's Annual Meeting of Stockholders following the year ending June 30, 2009 must be received by the Secretary of the Company for inclusion in the appropriate proxy materials no later than June 29, 2009.

### EXPENSES AND SOLICITATION

The entire cost of soliciting proxies will be borne by the Company. In addition to the use of the mails, proxies may be solicited by officers, directors and regular employees of the Company personally or by telephone. No additional compensation will be paid to such persons for any additional solicitations. The Company will also request securities brokers, custodians, nominees and fiduciaries who hold shares of Common Stock of record to forward solicitation material to the beneficial owners of such shares, and will reimburse them for their reasonable out-of-pocket expenses in forwarding such soliciting materials.

By Order of your Board of Directors,

/s/ Robert P. Nichols

\_\_\_\_\_  
Robert P. Nichols  
Secretary

Bohemia, New York  
October 27, 2008

---

SCIENTIFIC INDUSTRIES, INC.  
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS  
December 3, 2008

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned hereby appoints James S. Segasture and Helena R. Santos, and each of them, with full power of substitution, to vote, as a holder of the common stock, par value \$0.05 per share ("Common Stock"), of Scientific Industries, Inc., a Delaware corporation (the "Company"), all the shares of Common Stock which the undersigned is entitled to vote, through the execution of a proxy with respect to the 2008 Annual Meeting of Stockholders of the Company (the "Annual Meeting"), to be

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

held at Reitler Brown & Rosenblatt LLC, 800 Third Avenue, 21st Floor, New York, New York, on Wednesday, December 3, 2008 at 11:00 a.m. New York time, and any and all adjournments or postponements thereof, and authorizes and instructs said proxies to vote in the manner directed below.

The Board of Directors recommends the vote FOR the election of the nominees for Class C Directors named below and proposal 2.

- 1. Election of Class C Directors: JOSEPH G. CREMONESE      ROGER B. KNOWLES  
FOR both nominees (    )      WITHHOLD for both nominees (    )

If you do not wish your shares voted FOR one of the two nominees, draw a line through that person's name above.

- 2. Proposal to ratify the appointment of the independent registered public accounting firm, Nussbaum Yates Berg Klein & Wolpow, LLP, as the Company's auditor for the fiscal year ending June 30, 2009.

FOR (    )                      AGAINST (    )                      ABSTAIN (    )

- 3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before such meeting or adjournment or postponement thereof.

THIS PROXY IS CONTINUED ON THE REVERSE SIDE, PLEASE VOTE, SIGN AND DATE ON REVERSE SIDE AND RETURN PROMPTLY.

\_\_\_\_\_

(BACK OF CARD)

PROPERLY EXECUTED AND RETURNED PROXY CARDS WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO INSTRUCTIONS TO THE CONTRARY ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF EACH OF THE NAMED NOMINEES A DIRECTOR AND APPROVAL OF PROPOSAL NO. 2 LISTED ON THE REVERSE SIDE OF THIS CARD.

You may revoke this proxy at any time before it is voted by (i) filing a revocation with the Secretary of the Company, (ii) submitting a duly executed proxy bearing a later date or time than the date or time of the proxy being revoked; or (iii) attending the Annual Meeting and voting in person. A stockholder's attendance at the Annual Meeting will not by itself revoke a proxy given by the stockholder.

(Please sign exactly as the name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign with full corporate name by the president or other authorized officer. If a partnership, please sign in the partnership name by authorized person.)

Dated: \_\_\_\_\_, 2008

\_\_\_\_\_  
Signature

Edgar Filing: SCIENTIFIC INDUSTRIES INC - Form DEF 14A

PLEASE COMPLETE, SIGN, DATE  
AND RETURN THE PROXY CARD  
PROMPTLY USING THE  
ENCLOSED ENVELOPE.

---

Signature, if held by joint owners