

GOGGIN ROBERT ST LEGER
Form DFAN14A
November 16, 2012

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

Filed by the Registrant

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))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-12

VERMILLION, INC.

(Name of Registrant as Specified In Its Charter)

György B. Bessenyei

Gregory V. Novak

Robert S. Goggin

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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:

o 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:

On November 16, 2012, György B. Bessenyei, Gregory V. Novak and Robert S. Goggin (collectively, the “Participants”) issued a press release (the “Press Release”) describing a letter (the “Letter”) from the Participants to the stockholders of Vermillion, Inc. (“Vermillion”). A copy of the Press Release is attached hereto as Exhibit 1 and a copy of the Letter to the stockholders of Vermillion is attached hereto as Exhibit 2. The Press Release and the Letter are incorporated herein by reference.

* * *

THE PARTICIPANTS STRONGLY ADVISE ALL STOCKHOLDERS OF VERMILLION TO READ THE PRELIMINARY PROXY STATEMENT, THE DEFINITIVE PROXY STATEMENT, THE ACCOMPANYING PROXY CARDS AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES BY THE PARTICIPANTS FROM THE STOCKHOLDERS OF VERMILLION, FOR USE AT THE VERMILLION 2012 ANNUAL MEETING OF STOCKHOLDERS, WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH MATERIALS WILL, ALONG WITH OTHER RELEVANT DOCUMENTS, BE AVAILABLE AT NO CHARGE ON THE SECURITIES AND EXCHANGE COMMISSION’S (“SEC”) WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS IN THE SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS’ PROXY SOLICITOR, OKAPI PARTNERS AT ITS TOLL-FREE NUMBER (877) 796-5274 OR VIA EMAIL AT [INFO@OKAPIPARTNERS.COM](mailto:info@okapipartners.com).

IMPORTANT INFORMATION RELATING TO THE ABOVE-NAMED PARTICIPANTS IN THIS PROXY SOLICITATION, INCLUDING THEIR DIRECT OR INDIRECT INTERESTS IN VERMILLION, BY SECURITY HOLDINGS OR OTHERWISE, IS CONTAINED IN THE PRELIMINARY PROXY STATEMENT, AS AMENDED, FILED BY THE PARTICIPANTS WITH THE SEC, AS WELL AS IN PRIOR FILINGS BY THE PARTICIPANTS PURSUANT TO RULE 14A-12, ON FEBRUARY 29, 2012, APRIL 20, 2012, MAY 4, 2012, MAY 8, 2012, MAY 21, 2012, MAY 23, 2012, OCTOBER 16, 2012, OCTOBER 22, 2012 AND NOVEMBER 13, 2012 WHICH DOCUMENTS ARE AVAILABLE AT NO CHARGE AT THE SEC’S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). WHEN COMPLETED, THE DEFINITIVE PROXY STATEMENT WILL BE AVAILABLE TO STOCKHOLDERS OF VERMILLION AT NO CHARGE AT THE SEC’S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov) OR BY CONTACTING THE PARTICIPANTS’ PROXY SOLICITOR, OKAPI PARTNERS AT ITS TOLL-FREE NUMBER (877) 796-5274 OR VIA EMAIL AT [INFO@OKAPIPARTNERS.COM](mailto:info@okapipartners.com).

EXHIBIT 1

Delaware Court Action Allows Vermillion's Stockholder Meeting Without Further Delay

- Court Does Not Decide Issue of Eliminating Board Seat
- Board Can No Longer Delay Stockholder Meeting

George Bessenyei, Gregory V. Novak and Robert S. Goggin (the "Concerned Vermillion Stockholders" or "Group") submitted on February 15, 2012 to the Corporate Secretary of Vermillion, Inc. (Nasdaq: VRML) their notice of intent to nominate two proposed directors to the Board of Directors of Vermillion for election at the Vermillion 2012 Annual Meeting of Stockholders (the "Annual Meeting"). The nominees were Gregory V. Novak and Robert S. Goggin.

The Group provided a litigation update in the form of a Letter to Stockholders today:

"Based on information the Group has discovered, on May 15, 2012, believing that defeat was imminent at the upcoming stockholder meeting that was only weeks away, the Board of Directors made a desperate attempt to disfranchise Vermillion's stockholders. They effected this plan by eliminating a contested Board seat in an emergency Board meeting. The Board's patently false justification for taking this strange step was to 'extend the cash runway'. However, as President and CEO Gail S. Page ("Page") and Chairman of the Board James S. Burns ("Burns") subsequently admitted, the actual cash savings from eliminating the Board seat was only \$5,000 (five thousand dollars) per year.

The reality is transparent: the miniscule savings that Page and Burns claimed was so important achieved nothing but reducing the number of seats up for reelection from two to one. It was an unprecedented and blatantly obvious move to further entrench the existing Vermillion directors in their positions. Members of the Group tried to reverse the elimination of the Board seat by filing suit in the Chancery Court in Delaware. However, after multiple delays, the Court dismissed the case on a procedural technicality, and thus did not reach the merits regarding the legality of eliminating the Board seat. Had the Court done so, the Concerned Vermillion Stockholders are confident that they would have prevailed."

The full text of the letter and the court ruling will be filed with the SEC today.

THE PARTICIPANTS IN THE GROUP'S SOLICITATION OF PROXIES CONSIST OF ONLY MR. BESSENYEI, MR. NOVAK AND MR. GOGGIN (THE MEMBERS OF THE GROUP) AT THIS TIME. THE GROUP TODAY HAS FILED SOLICITING MATERIALS, INCLUDING THIS PRESS RELEASE, WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ON SCHEDULE 14A PURSUANT TO RULE 14a-12 OF THE RULES AND REGULATIONS PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. STOCKHOLDERS OF VERMILLION CAN OBTAIN COPIES OF THIS FILING, AS WELL AS PRIOR FILINGS BY THE GROUP PURSUANT TO RULE 14a-12, WHICH TOGETHER CONTAIN THE REQUIRED INFORMATION UNDER SUCH RULE REGARDING THE IDENTITY AND BACKGROUND OF THE MEMBERS OF THE GROUP, AND A DESCRIPTION OF THEIR DIRECT OR INDIRECT INTERESTS, BY SECURITY HOLDINGS AND OTHERWISE, AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov).

SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT AND OTHER DOCUMENTS RELATING TO THE SOLICITATION OF PROXIES BY MEMBERS OF THE GROUP FROM THE STOCKHOLDERS OF VERMILLION, INC. FOR USE AT ITS 2012 ANNUAL MEETING WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN SUCH PROXY SOLICITATION. WHEN COMPLETED, A DEFINITIVE PROXY STATEMENT AND FORM OF PROXY WILL BE MAILED TO STOCKHOLDERS OF VERMILLION, INC AND ALSO WILL BE AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov).

Stockholders please contact Okapi Partners LLC

Patrick McHugh / Geoff Sorbello

(212) 297-0720

Concerned Vermillion Stockholders

T: 561-444-8180

Email: concerned_vrml@googlegroups.com

EXHIBIT 2

Dear Fellow Stockholder,

As you are well aware at this point, George Bessenyei, Gregory V. Novak and Robert S. Goggin (the "Concerned Vermillion Stockholders" or "Group") submitted on February 15, 2012 to the Corporate Secretary of Vermillion, Inc. (Nasdaq: VRML) their notice of intent to nominate two proposed directors to the Board of Directors of Vermillion for election at the Vermillion 2012 Annual Meeting of Stockholders (the "Annual Meeting"). The nominees were Gregory V. Novak and Robert S. Goggin.

Based on information the Group has discovered, on May 15, 2012, believing that defeat was imminent at the upcoming stockholder meeting that was only weeks away, the Board of Directors made a desperate attempt to disfranchise Vermillion's stockholders. They effected this plan by eliminating a contested Board seat in an emergency Board meeting. The Board's patently false justification for taking this strange step was to "extend the cash runway". However, as President and CEO Gail S. Page ("Page") and Chairman of the Board James S. Burns ("Burns") subsequently admitted, the actual cash savings from eliminating the Board seat was only \$5,000 (five thousand dollars) per year.

The reality is transparent: the miniscule savings that Page and Burns claimed was so important achieved nothing but reducing the number of seats up for reelection from two to one. It was an unprecedented and blatantly obvious move to further entrench the existing Vermillion directors in their positions. Members of the Group tried to reverse the elimination of the Board seat by filing suit in the Chancery Court in Delaware. However, after multiple delays, the Court dismissed the case on a procedural technicality, and thus did not reach the merits regarding the legality of eliminating the Board seat. Had the Court done so, the Concerned Vermillion Stockholders are confident that they would have prevailed.

Board Can No Longer Delay Shareholder Meeting

Although this decision is not the best outcome for stockholders, it did clear the way for the Annual Meeting in three to four weeks, when we can all finally cast our votes. We must seize this opportunity to elect a Director who will steer the company towards maximizing value and eliminating bloat.

It is clear that the current Board will not serve these objectives. At the same time that Page and Burns claimed that saving \$5,000 was more important than the stockholders' right to vote for two nominees, they wasted close to a million dollars on:

- Spending an estimated \$300,000 on proxy solicitation, significantly more than the Group.
- Incurring \$330,000+ in legal fees fighting in Delaware Court, to justify saving \$5,000, which expenses may or may not be reimbursed by Vermillion's insurance carrier.

- Giving \$400,000 severance to Page after "terminating" her instead of letting her resign

Of course, this spending is on top of the over \$12 million (twelve million dollars) that the Board received in compensation in the last approximately two and a half years; Page's compensation alone was over \$8 million during this period. When it came to their own compensation, saving cash was apparently not on the agenda.

This Is The Time For A Change

Despite all the excessive spending by Page and Burns, Vermillion has valuable assets. As a recent large sample study proved, OVA1 has no peer when it comes to sensitivity in detecting ovarian cancer. With the right people on the Board, the situation can be turned around and the value of OVA1 unlocked.

The Group has decided to nominate Robert S. Goggin ("Goggin") for the one Board seat up for election. A former prosecutor of white collar crime, Goggin will make sure that corporate governance of the company gets back on track. As a Board member, he will work tirelessly to ensure (among other things) that:

- Vermillion stockholders' interests will always be properly represented on the Board.
 - Page should not remain as President and CEO under the pretext that "no better candidate could be found".
 - The new President and CEO will have a proven track record in stockholder value creation at public companies.
- Circumstances of Page's "termination" under the so-called "succession plan" with the resulting \$400,000 severance will be thoroughly investigated.

The next chapter of the Vermillion story should be written by honest and capable persons, such as Robert S. Goggin. He will press for the necessary changes, and obliterate the self-serving policies and tactics that have eroded stockholder value. It is time to unlock the potential of Vermillion's assets.

Please stay tuned as we will detail our goals and proposals in subsequent announcements and filings. In the meantime, please be assured that we also have identified and started preliminary discussions with potential CEO candidates, in order to facilitate a smooth transition in management.

The biography of Concerned Vermillion Stockholders' Nominee Robert S. Goggin:

Robert S. Goggin, III, 48 years old, is an attorney in private practice and an owner and director of Keller & Goggin P.C., a law firm with offices in Philadelphia and Trenton, New Jersey. Mr. Goggin is a graduate of St. Joseph's University and Widener University School of Law. Mr. Goggin began his career in the Philadelphia District Attorney's Office in 1989. Among other clients, Mr. Goggin has represented various unions including correctional officers, tradesmen and laborers. This experience helped him refine his litigation, reconciliation and management abilities.

Goggin has been advocating for change at Vermillion since early 2011. He would be a board member representing long term stockholders' interests.

Stay tuned!

Concerned Vermillion Stockholders

T: 561-444-8180

Email: concerned_vrml@googlegroups.com

