

INFORMATION ANALYSIS INC
Form DEF 14A
April 29, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

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 under Rule 14a-12

INFORMATION ANALYSIS INCORPORATED

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):

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

May 17, 2011

Dear Stockholder,

We, the Board of Directors of Information Analysis Incorporated, cordially invite you to attend our 2011 annual meeting of stockholders to be held at 10:00 AM on Thursday, June 16, 2011, at our offices at 11240 Waples Mill Road, Suite 201, Fairfax, Virginia 22030. The attached notice of annual meeting and proxy statement describe the business we will conduct at the meeting and provide information about Information Analysis Incorporated that you should consider when you vote your shares.

When you have finished reading the proxy statement, please promptly vote your shares by marking, signing, dating and returning the proxy card in the enclosed envelope. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend.

Sincerely,

/s/ SANDOR ROSENBERG
Sandor Rosenberg
Chairman of the Board and
Chief Executive Officer

May 17, 2011

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

TIME: 10:00 AM

DATE: June 16, 2011

PLACE: Information Analysis Incorporated
11240 Waples Mill Road, Suite 201
Fairfax, Virginia 22030

PURPOSES:

1. To elect four directors to serve terms expiring at the 2012 Annual Meeting.
2. To ratify the appointment of Reznick Group, P.C. an independent registered public accounting firm, as the company's independent registered public accountants for the fiscal year ending December 31, 2011.
3. To consider any other business that is properly presented at the meeting.

WHO MAY VOTE:

You may vote if you were the record owner of Information Analysis Incorporated stock at the close of business on May 12, 2011. A list of stockholders of record will be available at the meeting and, during the 10 days prior to the meeting, at the office of the Secretary at the above address.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ RICHARD S. DeROSE
Richard S. DeRose
Secretary

INFORMATION ANALYSIS INCORPORATED

11240 WAPLES MILL ROAD, SUITE 201

FAIRFAX, VIRGINIA 22030

PROXY STATEMENT

For the 2011 ANNUAL MEETING OF STOCKHOLDERS

To be held on June 16, 2011

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (Board) of Information Analysis Incorporated (we, IAI or the Company) for use at the 2011 Annual Meeting of Stockholders (Annual Meeting) to be held on June 16, 2011 beginning at 10:00 am, local time, at our headquarters, 11240 Waples Mill Road, Suite 201, Fairfax, Virginia 22030, and at any adjournment or postponement of that meeting. On or about May 17, 2011, we are either mailing or providing notice and electronic delivery of these proxy materials together with an annual report, consisting of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (the 2010 fiscal year) and other information required by the rules of the Securities and Exchange Commission.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 16, 2011

This proxy statement and our 2010 Annual Report are available for viewing, printing and downloading at www.infoa.com/Investors.php.

You may request a copy of the materials relating to our annual meetings, including the proxy statement and form of proxy for our 2011 Annual Meeting and the 2010 Annual Report, at www.infoa.com/Investors.php, by sending an email to our Investor Relations department at investor@infoa.com, or by calling (800) 829-7614 ext. 7901.

GENERAL INFORMATION ABOUT THE ANNUAL MEETING

Why did you send me this Proxy Statement?

We sent you this proxy statement and the enclosed proxy card because IAI's Board is soliciting your proxy to vote at the 2011 Annual Meeting and any adjournments. This proxy statement along with the accompanying Notice of Annual Meeting of Stockholders summarizes the purposes of the meeting and the information you need to know to vote at the annual meeting.

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On May 17, 2011, we began sending this proxy statement, the attached notice of annual meeting and the enclosed proxy card to all stockholders entitled to vote at the meeting. Although not part of this proxy statement, we are also sending along with this proxy statement our 2010 annual report, which includes our financial statements for the 2010 fiscal year. You can also find a copy of our 2010 Annual Report on Form 10-K on the Internet through the SEC's electronic data system called EDGAR at www.sec.gov, or through the Investor Relations section of our website at www.infoa.com.

Who is entitled to vote at the meeting?

Only stockholders who owned IAI common stock at the close of business on May 12, 2011, are entitled to vote at the annual meeting. On this record date, there were 11,196,760 shares of IAI common stock outstanding and entitled to vote. Information Analysis Incorporated common stock is our only class of voting stock.

You do not need to attend the annual meeting to vote your shares. Shares represented by valid proxies, received in time for the meeting and not revoked prior to the meeting, will be voted at the meeting. A stockholder may revoke a proxy before the proxy is voted by delivering to our Secretary a signed statement of revocation or a duly executed proxy card bearing a later date. Any stockholder who has executed a proxy card but attends the meeting in person may revoke the proxy and vote at the meeting.

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Please note that if you hold your shares in street name (through a bank, broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership in IAI as of the record date to be allowed into the meeting.

How many votes do I have?

Each share of IAI common stock that you own entitles you to one vote.

How do I vote?

Whether you plan to attend the annual meeting or not, we urge you to vote by proxy. Voting by proxy will not affect your right to attend the annual meeting. If your shares are registered directly in your name through our stock transfer agent, American Stock Transfer, or you have stock certificates, you may vote:

By mail. Complete and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors.

In person at the meeting. If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If your shares are held in street name (held in the name of a bank, broker or other nominee), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

By mail. You will receive instructions from your broker or other nominee explaining how to vote your shares.

In person at the meeting. Contact the broker or other nominee who holds your shares to obtain a broker's proxy card and bring it with you to the meeting. You will not be able to vote at the meeting unless you have a proxy card from your broker.

How does the Board of Directors recommend that I vote on the proposals?

The board of directors recommends that you vote as follows:

FOR the election of the nominees for director;

FOR ratification of the appointment of Reznick Group, PC as our independent registered public accountants for our fiscal year ending December 31, 2011.

If any other matter is presented, the proxy card provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. At the time this proxy statement was printed, we knew of no matters that needed to be acted on at the annual meeting, other than those discussed in this proxy statement.

May I change my vote or revoke my proxy after I have returned my card?

Yes. Any proxy may be revoked by a stockholder at any time before it is exercised at the Annual Meeting by delivering to our Corporate Secretary a written notice of revocation or a duly executed proxy bearing a later date, or by voting in person at the meeting.

What if I receive more than one proxy card?

You may receive more than one proxy card or voting instruction form if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under *How Do I Vote?* for each account to ensure that all of your shares are voted.

Will my shares be voted if I do not return my proxy card?

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the meeting as described above under *How Do I Vote?*

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under *How Do I Vote?*, the bank, broker or other nominee has the authority to vote your unvoted shares on routine proposals even if it does not receive instructions from you. Proposal 1, Election of Directors, is no longer considered a routine proposal, and your shares will not be voted with regard to this proposal if you fail to provide voting instructions. Proposal 2, Ratify the Selection of Independent Registered Public Accountants, is considered a routine proposal and the bank, broker, or other nominee that holds your shares can choose to, but is not obligated to, vote your shares in regard to this proposal in the event you fail to provide voting instructions. We encourage you to provide voting instructions. This ensures your shares will be voted at the meeting in the manner you desire. If your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your broker chooses not to vote on a matter for which it does have discretionary voting authority, this is referred to as a broker non-vote.

What vote is required to approve each proposal and how are votes counted?**Proposal 1:****Election of Directors**

The nominees for director who receive the most votes (also known as a plurality of the votes) will be elected. Abstentions are not counted for purposes of electing directors. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name for the election of directors.

Proposal 2:**Ratify Selection of Independent****Registered Public Accountants**

The affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the annual meeting is required to ratify the selection of independent registered public accountants. Abstentions will be treated as votes against this proposal. Brokerage firms have authority to vote customers' unvoted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent registered public accountants. However, if our stockholders do not ratify the selection of Reznick Group, P.C. as our independent registered public accountants for 2011, our Audit Committee of our Board of Directors will reconsider its selection.

Is voting confidential?

We will keep all the proxies, ballots and voting tabulations private. We only let our Inspectors of Election, American Stock Transfer, examine these documents. We will not disclose your vote to management unless it is necessary to meet legal requirements. We will, however, forward to management any written comments you make, on the proxy card or elsewhere.

What are the costs of soliciting these proxies?

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses.

What constitutes a quorum for the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the meeting. Votes of stockholders of record who are present at the meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

Are there other matters to be voted on at the meeting?

As of the date of this proxy statement, our Board does not know of any other matters which may come before the meeting, other than the matters described in this proxy statement. Should any other matter requiring a vote of our stockholders arise and be properly presented at the Annual Meeting, the proxy for the Annual Meeting confers upon the persons named in the proxy and designated to vote the shares discretionary authority to vote, or otherwise act, with respect to any such matter in accordance with their best judgment.

Our Board encourages stockholders to attend the Annual Meeting. Whether or not you plan to attend, you are urged to submit your proxy. Prompt response will greatly facilitate arrangements for the meeting and your cooperation will be appreciated. Stockholders who attend the Annual Meeting may vote their stock personally even though they have sent in their proxies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our common stock held as of April 25, 2011 by each person who is known by us based on schedule 13G filings to beneficially own more than 5% of the outstanding shares of our common stock, and as of April 25, 2011 by (1) each current director and nominee for director; (2) each of the named executive officers listed in the Summary Compensation Table included elsewhere in this proxy statement; and (3) by all current directors and executive officers as a group:

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**TITLE OF CLASS: INFORMATION ANALYSIS INCORPORATED COMMON STOCK**

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent Of Class
Traditions LP		
924 Ridge Drive McLean, VA 22101	1,000,000	8.9
Barry T. Brooks		
3843 Jamestown Road Springfield, OH 45502	735,043	6.6

SECURITY OWNERSHIP OF MANAGEMENT