

VITACUBE SYSTEMS HOLDINGS INC
Form DEF 14A
February 15, 2007
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

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

VitaCube Systems Holdings, 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):

- 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:
- 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:

VITACUBE SYSTEMS HOLDINGS, INC.
480 South Holly Street
Denver, Colorado 80246

**PROXY STATEMENT AND
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MARCH 7, 2007**

To the shareholders of VitaCube Systems Holdings, Inc.:

The Annual Meeting of the shareholders of VitaCube Systems Holdings, Inc. will be held at our executive offices located at 480 South Holly Street, Denver, Colorado 80246, at 10:00 A.M. on March 7, 2007, or at any adjournment or postponement thereof, for the following purposes:

1. To elect five directors of the Company.
2. To increase the number of shares issuable under our Stock Incentive Plan from 1,800,000 shares to 2,200,000 shares.
3. To approve the issuance and sale of greater than 20% of our outstanding stock at less than the current market price.
4. To approve a Distributor Stock Option Plan.
5. To amend the Articles of Incorporation to change the name of the Company from VitaCube Systems Holdings, Inc. to XELR8 Holdings, Inc.
6. To transact such other business as may properly come before the meeting.

Details relating to the above matters are set forth in the attached Proxy Statement. All of our shareholders of record as of the close of business on February 6, 2007 will be entitled to notice of and to vote at such meeting or at any adjournment or postponement thereof.

All shareholders are cordially invited to attend the meeting. If you do not plan to attend the meeting, you are urged to sign, date and promptly return the enclosed proxy. A reply card is enclosed for your convenience. The giving of a proxy will not affect your right to vote in person if you attend the meeting.

BY ORDER OF THE BOARD OF DIRECTORS
John D. Pougnet, *Chief Executive Officer*

January 31, 2007

PROXY STATEMENT

VITACUBE SYSTEMS HOLDINGS, INC.
480 South Holly Street
Denver, Colorado 80246
Telephone: (303) 316-8577

**ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MARCH 7, 2007**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of VitaCube Systems Holdings, Inc. (the Company, we, or us) (previously named Instanet, Inc.), a Nevada corporation, of \$.001 par value common stock (Common Stock) to be voted at the Annual Meeting of Shareholders of the Company (Annual Meeting) to be held at 10:00 A.M. on March 7, 2007, or at any adjournment or postponement thereof. We anticipate that this Proxy Statement and the accompanying form of proxy will be first mailed or given to all shareholders of the Company on or about February 9, 2007. The shares represented by all proxies that are properly executed and submitted will be voted at the meeting in accordance with the instructions indicated thereon. Unless otherwise directed, votes will be cast for the election of the nominees for directors hereinafter named, the increase in the authorized share capital, for increasing the shares authorized for issuance under our Stock Incentive Plan, approving the issuance and sale of greater than 20% of our outstanding stock at less than market price, approving the Distributor Stock Option Plan with an initial reservation of 500,000 shares and changing the name for the Company from VitaCube Systems Holdings, Inc. to XELR8 Holdings, Inc. The holders of a majority of the shares represented at the Annual Meeting in person or by proxy will be required to elect directors and approve any other proposed matters. Abstentions and broker non-votes will be treated as a no vote for purposes of determining whether approval of the proposal has been obtained. Any shareholder giving a proxy may revoke it at any time before it is exercised by delivering written notice of such revocation to us, by substituting a new proxy executed at a later date, or by requesting, in person, at the Annual Meeting, that the proxy be returned.

All of the expenses involved in preparing, assembling and mailing this Proxy Statement and the materials enclosed herewith and all costs of soliciting proxies will be paid by us. In addition to the solicitation by mail, proxies may be solicited by our officers and regular employees by telephone, telegraph or personal interview. Such persons will receive no compensation for their services other than their regular salaries. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the shares held of record by such persons, and we may reimburse such persons for reasonable out of pocket expenses incurred by them in so doing.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The close of business on February 6, 2007 has been fixed by our Board of Directors as the record date (the record date) for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. On the record date, there were outstanding 9,697,170 shares of Common Stock. Each share of Common Stock entitles the holder thereof to one vote on each matter which may come before the Annual Meeting. Cumulative voting for directors is not permitted. A majority of the issued and outstanding shares entitled to vote, represented at the meeting in person or by proxy, constitutes a quorum at any shareholders meeting.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the ownership of our Common Stock as of the record date, by (i) each person who is known by us to own of record or beneficially more than 5% of our Common Stock, (ii) each of our directors and officers. Unless otherwise indicated, the stockholders listed in the table have sole voting and investment powers with respect to the shares of Common Stock. Shareholdings include shares held by family members. The addresses of the individuals listed below are in the Company's care at 480 South Holly Street, Denver, Colorado 80246 unless otherwise noted.

Name and Address	Number of Shares(1)		Percent of Class(2)
Earnest Mathis, Jr. Chairman	607,843	(3)	6.0 %
Doug Ridley President and Director	142,500	(4)	1.4 %
John D Pougnet Chief Executive Officer and Chief Financial Officer	139,549	(5)	1.4 %
David Litt Vice President Sales and Marketing	63,125	(6)	*
Timothy Transtrum Vice President of Operations	68,750	(7)	*
Sanjeevkumar Javia Vice President of Product Development	200,000	(8)	2.0 %
John B. McCandless Director	76,667	(10)	*
AJ Robbins Director	30,000	(12)	*
Anthony DiGiandomenico Director	262,620	(9)	2.7 %
Total officer and director	1,591,054		14.4 %
Sanford D Greenberg	3,006,917	(13)	29.2 %
Warren Cohen 595 South Broadway Suite 200 Denver, CO 80209	1,338,800	(11)	13.8 %
Total beneficial ownership	5,936,771		50.9 %

*Less than 1%

(1)All entries exclude beneficial ownership of shares issuable pursuant to options that have not vested or that are not otherwise exercisable as of the date hereof and which will not become vested or exercisable within 60 days of February 6, 2007.

(2)Percentages are rounded to nearest one-tenth of one percent. Percentages are based on 9,697,170 shares of common stock outstanding. Options that are presently exercisable or exercisable within 60 days are deemed to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage of any other person.

(3) Includes shares either held directly or through entities that are controlled by Earnest Mathis, Jr Includes 435,511 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of the filing of February 6, 2007, and 172,332 shares held of record.

(4) Comprised of 142,500 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007.

(5) Comprised of 139,549 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007.

(6) Comprised of 63,125 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007, 10,000 shares held of record.

(7) Comprised of 68,750 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007.

(8) Comprised of 200,000 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007.

(9) Comprised of 99,095 shares issuable pursuant to public warrants and 76,667 shares pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007, and 66,800 shares held of record and 10,029 Class A warrants and 10,029 Class B warrants.

(10) Comprised of 76,667 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007.

(11) Comprised of 1,338,800 shares held of record.

(12) Comprised of 30,000 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007.

(13) Includes shares either held directly or as custodian for a minor child and includes 617,511 shares issuable pursuant to options which are presently exercisable or which become exercisable within 60 days of February 6, 2007, and 2,389,406 shares held of record.

PROPOSAL 1
ELECTION OF DIRECTORS

At the Annual Meeting, our shareholders will elect five directors. Cumulative voting is not permitted in the election of directors. In the absence of instructions to the contrary, the person named in the accompanying proxy will vote in favor of the election of each of the persons named below as our nominees for directors. All of the nominees are presently members of the Board of Directors and their names and biographical information are set forth below. Each of the nominees has consented to be named herein and to serve if elected. It is not anticipated that any nominee will become unable or unwilling to accept nomination or election, but if such should occur, the person named in the proxy intends to vote for the election in his stead of such person as our Board of Directors may recommend. The table below also includes biographical information concerning our executive officers.

The following sets forth certain information regarding each of our directors and executive officers:

Name	Age	Position	Committee
Earnest Mathis, Jr.	46	Chairman	
Douglas Ridley	49	President and Director	
John D. Pougnet	35	Chief Executive Officer and Chief Financial Officer	
Timothy Transtrum	42	Vice President Operations	
David Litt	40	Vice President Sales and Marketing	
Sanjeevkumar Javia	31	Vice President Product Development	
John B. McCandless	58	Director	Audit/Compensation
AJ Robbins	60	Director	Audit/Compensation
Anthony DiGiandomenico	39	Director	Audit/Compensation

Directors hold office until the next annual meeting of stockholders following their election unless they resign or are removed as provided in the bylaws. Our Board of Directors has determined that our directors, other than Mr. Mathis and Mr. Ridley, are independent directors under the American Stock Exchange listing standards. Our officers serve at the discretion of our Board of Directors.

The following is a summary of our directors and executive officers' business experience. The Board recommends a vote of FOR the election of each nominee below.

Earnest Mathis, Jr., Chairman. Mr. Mathis was appointed as the Chairman and Chief Executive Officer on March 2, 2005. On October 11, 2006 Mr. Mathis resigned his position as Chief Executive Officer. Prior to the merger with VitaCube Systems, Inc. Mr. Mathis served as Instanet's Chief Executive Officer and a director from February 2001 to June 2003. Mr. Mathis served as the Company's Chief Executive Officer and a Director from February 2001 to June 2003. Mr. Mathis is the current President and a Director of Inverness Investments, Inc., a private financial consulting company and he has served in these positions since January 1987. Mr. Mathis is currently serving as Manager of Amerigolf, LLC a private golf course development company and he has served in this position since February 1998. Mr. Mathis is the Founder and manager of Waveland Ventures, LLC, a private capital management company managing governmental economic redevelopment programs and he has served in this position since March, 2002.

Mr. Mathis is a manager with Waveland Colorado Ventures, LLC a Colorado certified capital company that invests and loans money to Colorado-based businesses and he has served in this position since March 2002. Mr. Mathis is currently Chief Executive Officer, Chief Financial Officer and a Director for Petramerica, a public development stage company and he has served in this position since April 2002. Mr. Mathis was managing Director of Integrated Medical Services, Inc., a private medical waste transport company from January 1997 to December 2004. From February 2001 through December 2002, Mr. Mathis

served as President, Chief Financial Officer and a Director of Care Concepts I, Inc., a public development stage company that acquired Ibid America, Inc in December 2002.

Douglas Ridley, President and Director. Mr. Ridley was appointed as a Director on January 1, 2004, and in June 2005 Mr. Ridley joined the Company as President. Mr. Ridley was an independent consultant to us from April 2003 until December 31, 2003. Mr. Ridley is currently President of Simply Because, a gift products network marketing company and since 1997, has been President of Chad Management Co., LLC, a nutritional products network marketing company.

John D. Pougnet, Chief Executive Officer and Chief Financial Officer. Mr. Pougnet was appointed Chief Executive Officer on October 11, 2006. Prior to that Mr. Pougnet was appointed as Chief Financial Officer in September 2005. Immediately prior to joining the Company, Mr. Pougnet was Assurance Senior Manager at KPMG, LLP, a global network of professional services firms providing Audit, Tax and Advisory services to both public and private companies from January 2003 to September 2005. Prior to this Mr. Pougnet operated an independent consulting business from August 2002 to June 2003. He also served as Vice President of Finance and Corporate Secretary at Future Beef Operations, LLC, from May 2001 to August 2002, where he was responsible for the strategic planning, development and leadership of the Corporate Finance department for this multi-state meat packing company. Prior to this, Mr. Pougnet was senior auditor with Deloitte & Touche from September 1996 to May 2001.

Timothy Transtrum, Vice President of Operations. Mr. Transtrum joined us on February 2, 2004, as Operating Officer. Prior to that, he was President and Chief Operating Office for NutriHealth USA, a division of the global nutrition company Natural Health Holdings LTD, from May 2002 to February 2004. From February 1999 to May 2000, he served as Vice President of Operations and International Development for Oasis Wellness Network, a network marketing company. From February 1998 to February 2004, Mr. Transtrum also was President of TF Transtrum Associates, an operations and retention consulting firm. From 1991 to 1998, he worked for Melaleuca Inc., a network marketing company, during which time he became Director of International Operations.

David Litt, Vice President of Sales and Marketing. Mr. Litt joined us as our Vice President of Sales and Marketing on October 1, 2004. Mr. Litt was an independent consultant for us from February 2004 until October 1, 2004, through his consulting business. Mr. Litt operated an independent consulting business from January 2003 until October 2004. From October 1998 to January 2003, Mr. Litt was the Chief Sales and Marketing Officer for Oasis Wellness Network, a network marketing company and from June 1996 to October 1998 he was the Vice President of Marketing for Mercantile Stores, Inc., a retail department store.

Sanjeevkumar Javia, Vice President of Product Development. Mr. Javia joined the Company in July 2001 and manages and oversees product development and training and is a liaison to the Company's external scientific and medical research resources. Prior to joining the Company, Mr. Javia was the Director of Affiliate Publishers for Worldpages.com, an independent publisher from September 1998 to July 2001.

John B. McCandless, Director. Mr. McCandless was appointed as a director on February 19, 2004, and serves on our Audit and Compensation Committees. He is currently providing consulting services to nutrition and direct selling companies. From October 2003 until December 2006 Mr. McCandless served as the Vice President of Technical Services at Weider Nutrition International. Mr. McCandless provided operations and product consulting services to nutrition and direct selling companies as a consultant from November 2002 to October 2003, and from October 1995 to November 2002, he served as Senior Vice President and Chief Operating Officer for USANA Health Sciences, a health science company.

AJ Robbins, Director. Mr. Robbins was appointed as a director on July 10, 2006, and serves on our Audit and Compensation Committees. Mr. Robbins is currently the Managing Partner of AJ Robbins PC,

which he founded in 1986. Mr. Robbins's practice focuses on accounting and auditing for corporate and securities work for both private and public companies. Mr. Robbins is a Certified Public Accountant registered in Colorado, New York and California as well as a member of the American Institute of Certified Public Accountants and registered with Public Company Accounting Oversight Board.

Anthony DiGiandomenico, Director. Mr. DiGiandomenico was appointed as a director on May 25, 2004, and serves on our Audit and Compensation Committees. Mr. DiGiandomenico co-founded MDB Capital Group LLC, a NASD member broker-dealer, in 1997 and serves as a managing director of the firm. From 1990 to 1995, he served as President and Chief Executive Officer of the Digian Company, a real estate development company. He currently serves on the Board of Directors of Orion Acquisition Corp. II, a corporation which files reports pursuant to the Securities Exchange Act of 1934, which was formed in 1995 to acquire an operating business by purchase, merger or otherwise.

There are no family relationships between or among our executive officers and directors.

BOARD OF DIRECTORS

Board Committees

The standing committees of the Board of Directors are comprised of the Audit Committee and the Compensation Committee.

The Audit Committee oversees our conduct of the financial reporting processes, including (i) reviewing with management and the outside auditors the audited financial statements included in our Annual Report, (ii) reviewing with the outside auditors the interim financial results included in our quarterly reports filed with the SEC, (iii) discussing with management and the outside auditors the quality and adequacy of internal controls, and (iv) reviewing the independence of the outside auditors.

The Compensation Committee is comprised of Messrs. Robbins, McCandless and DiGiandomenico. At the direction of the full Board, the Compensation Committee reviews and makes recommendations with respect to compensation of our directors, executive officers and senior management. The Compensation Committee administers our Stock Incentive Plan. The Compensation Committee met once during 2006 and approved various other matters by unanimous written consent.

Attendance at Meetings

The Board held six meetings during 2006. Various matters were also approved by the unanimous written consent of the directors during the last fiscal year. Each director attended at least 80% of the aggregate of (i) the total number of meetings of the Board and (ii) the total number of meetings held by all committees of the Board on which such director served. We have no formal policy with respect to the attendance of Board members at the annual meeting of shareholders but encourage all incumbent directors and director nominees to attend each annual meeting of shareholders.

Nomination of Directors

The full Board acts in place of a nominating committee to investigate qualified nominees for election to the Board when vacancies occur. The Board has not adopted any charter or formal procedures with respect to its consideration of director nominees.

The Board strives to identify and attract director nominees with a variety of experience who have the business background and personal