

ENCISION INC  
Form DEF 14A  
July 30, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**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 Section 240.14a-12

**ENCISION INC.**

(Name of the Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 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):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**ENCISION INC.**

6797 Winchester Circle

Boulder, CO 80301

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

To Be Held August 5, 2015

To Our Shareholders:

The Annual Meeting of Shareholders of Encision Inc., a Colorado corporation, will be held at 9:00 A.M. Mountain Time, on August 5, 2015, at the offices of Encision Inc., 6797 Winchester Circle, Boulder, CO 80301, for the following purposes, all of which are more completely set forth in the accompanying Proxy Statement:

1. To elect six directors;
2. To ratify the appointment of Eide Bailly LLP as our independent public accountants; and,
3. To transact such other business as may properly come before the meeting, or any adjournment thereof.

All shareholders are cordially invited to attend the meeting, although only shareholders of record at the close of business on June 12, 2015, will be entitled to notice of, and to vote at, the meeting or any and all adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Gregory J. Trudel  
Gregory J. Trudel  
President and CEO

July 3, 2015

**PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE PREPAID ENVELOPE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. YOUR PROMPT RETURN OF THE PROXY CARD WILL HELP ASSURE A QUORUM AT THE MEETING AND AVOID ADDITIONAL COMPANY EXPENSE FOR FURTHER SOLICITATION. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on August 5, 2015:** This Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended March 31, 2015 are available at [www.encision.com](http://www.encision.com).

**ENCISION INC.**

6797 Winchester Circle

Boulder, CO 80301

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held August 5, 2015**

**SOLICITATION OF PROXIES**

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors of Encision Inc., a Colorado corporation, for use at our Annual Meeting of Shareholders to be held at 9:00 A.M. Mountain Time, on August 5, 2015, at the offices of Encision Inc., 6797 Winchester Circle, Boulder, CO 80301 and at any and all adjournments of such meeting (the "Annual Meeting").

If the enclosed Proxy Card is properly executed and returned in time to be voted at the meeting, the shares of common stock represented will be voted in accordance with the instructions contained therein. Executed Proxy Cards that contain no instructions will be voted for each of the nominees for director indicated herein and in favor of each of the other two proposals which will be considered at the meeting. It is anticipated that this Proxy Statement and the accompanying Proxy Card and Notice of Annual Meeting will be mailed to our shareholders on or about July 3, 2015.

**Shareholders who execute proxies for the Annual Meeting may revoke their proxies at any time prior to their exercise by delivering written notice of revocation to our secretary, by delivering a duly executed Proxy Card bearing a later date, or by attending the meeting and voting in person.**

We will bear the costs of the meeting, including the costs of preparing and mailing the Proxy Statement, Notice of Annual Meeting and Proxy Card. We may, in addition, use the services of our directors, officers and employees to solicit proxies, personally or by telephone, but at no additional salary or compensation. We will also request banks, brokers, and others who hold shares of our common stock in nominee names to distribute annual reports and proxy soliciting materials to beneficial owners, and we will reimburse such banks and brokers for reasonable out-of-pocket expenses which they may incur in so doing.

## **OUTSTANDING CAPITAL STOCK**

The record date for shareholders entitled to vote at the Annual Meeting was June 12, 2015. At the close of business on that day, there were 10,673,225 shares of our common stock, no par value, outstanding and entitled to vote at the meeting. Each share of common stock is entitled to one vote.

## **QUORUM AND VOTING**

The presence in person or by proxy of the holders of a majority of the total issued and outstanding shares of our common stock that are entitled to be voted at the Annual Meeting is necessary in order to constitute a quorum for the meeting. Abstentions will be counted for purposes of attaining a quorum.

If your shares are held in street name and you do not instruct your broker on how to vote your shares, your brokerage firm, in its discretion, may either leave your shares unvoted or vote your shares on routine matters only. The proposal to ratify the appointment of Eide Bailly LLP is considered a routine matter. The other proposal which will be considered at the meeting is considered a non-routine matter. Consequently, without your voting instructions, your brokerage firm cannot vote your shares on that other proposal. Such unvoted shares are called “broker non-votes.”

If a quorum is present, (i) the election of directors will require a plurality of the votes cast in person or by proxy at the Annual Meeting, and (ii) the affirmative vote of a majority of the shares represented at the meeting and entitled to vote will be required (x) to ratify the appointment of our independent public accountants, or (y) to approve any other matter to be voted on by the shareholders at the meeting.

Proxies marked “withhold” and broker non-votes will have no effect on the election of directors.

Abstentions shall have the same effect as a vote against Proposal 2 (ratification of auditors). Broker non-votes shall have no effect on the outcome of Proposal 2.

## **ACTIONS TO BE TAKEN AT THE MEETING**

The accompanying proxy, unless the shareholder otherwise specifies in the proxy, will be voted (1) FOR the election of each of the six nominees named herein for the office of director, (2) FOR ratification of the appointment of Eide Bailly LLP as our independent public accountants, and (3) at the discretion of the proxy holders on any other matter that may properly come before the meeting or any adjournment thereof.

If shareholders have appropriately specified how their proxies are to be voted, they will be voted accordingly. If any other matter of business is brought before the meeting, the proxy holders may vote the proxies at their discretion. The directors do not know of any such other matter of business.

## **SHAREHOLDER PROPOSALS**

Shareholder proposals intended for inclusion in our Proxy Statement for the 2016 Annual Meeting of Shareholders, including shareholder recommendation for nominees for election to our board of directors, must be received by us at our offices in Boulder, Colorado, not later than March 7, 2016.



**ELECTION OF DIRECTORS**

**(Proposal Item #1)**

Our board of directors has nominated the six persons listed below for election as directors for the 2016 fiscal year, each to hold office until the 2016 Annual Meeting of Shareholders and until their successors are duly elected and qualified, or until their earlier death, resignation or removal. A shareholder using the enclosed Proxy Card can vote for all or any of the nominees of the board of directors or such shareholder may withhold his or her vote from all or any of such nominees. If the Proxy Card is properly executed but not marked, it will be voted for all of the nominees. Each of the nominees has agreed to serve as a director if elected; however, should any nominee become unable or unwilling to accept nomination or election, the persons named in the proxy will exercise their voting power in favor of such other person or persons as our board of directors may recommend. There are no family relationships among these nominees.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” EACH NOMINEE FOR THE BOARD OF DIRECTORS.**

The following table sets forth the members of our board of directors, their ages as of March 31, 2015, and their positions and offices held:

Name	Age	Position
Vern D. Kornelsen <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>	82	Director
Robert H. Fries <sup>(1)</sup> <sup>(2)</sup>	66	Director
Ruediger Naumann-Etienne <sup>(1)</sup> <sup>(3)</sup>	68	Director
Patrick W. Pace, M.D. <sup>(2)</sup>	43	Director
Gregory J. Trudel	54	Director, President & CEO
David W. Newton	68	Director, Co-Founder, VP - Technology

(1) Member of the Compensation Committee

(2) Member of the Nominating Committee

(3) Member of the Audit Committee

*Vern D. Kornelsen* is one of our co-founders and served on our board of directors and as our Chief Financial Officer from 1991 through February 1997. He was re-elected to the board of directors in April 1998. Mr. Kornelsen is the General Partner of CMED Partners LLLP, one of our principal shareholders. Mr. Kornelsen formerly practiced as a certified public accountant in the state of Colorado for many years. He has been active in managing two investment partnerships, the first since 1990 and the second since 1997, of which he is the general partner, as well as serving as an officer and director of several private companies and of two public companies, Lifeloc Technologies, Inc., of which he is the controlling stockholder, and Electronic Systems Technology, Inc. Mr. Kornelsen received a Bachelor of Science degree in business from the University of Kansas. We believe Mr. Kornelsen is qualified to serve on our board of directors based on his executive experience with several private companies and his financial and accounting expertise as described above.

*Robert H. Fries* has served on our board of directors since 2003. Mr. Fries is a founder and the President of FinanceVision Services, Inc., a finance and tax consulting firm, and has served as a finance executive with a broad range of large public multinational companies. Since 2000, he has provided us with financial and tax consulting services. Mr. Fries is a certified public accountant (inactive). His credentials include an MBA from St. John's University, New York, and a Juris Doctor Degree from Jones School of Law. We believe that Mr. Fries' financial and business expertise, particularly in the role of finance executive for various large public companies, give him the qualifications and skills to serve as a director.

*Ruediger Naumann-Etienne* has served on our board of directors since October 2008. Mr. Naumann-Etienne has been the General Partner of Intertec Healthcare Partners, a fund investing in medical companies, since 2006. Since 1989, he has also been the owner and Managing Director of Intertec Group, an investment company specializing in the medical technology field. Intertec Group has successfully implemented growth strategies for OEC Medical Systems, Laserscope, Quinton Instruments and Cardiac Science. From 2006 through 2010, he was Chairman of Cardiac Science having previously served as the Chairman of a predecessor company, Quinton Instruments, from 2000 to 2005. He was also CEO of Quinton Instruments from 2000 to 2003. From 1993 until 1996, he was Chairman of OEC Medical Systems and CEO of the same company from 1995 to 1997. Mr. Naumann-Etienne is also a director of Varian Medical Systems and IRIDEX Corporation. Mr. Naumann-Etienne's extensive experience serving as a director and executive for various companies in the medical technology field is valuable to our board of director's oversight of the growth and financing of our business.

*Patrick W. Pace, M.D.* was appointed to our board of directors in April 2012. Dr. Pace is the owner of PICO LLC, a healthcare consulting firm. He also serves as Executive Chairman of Nanospectra Biosciences, a medical device company that focuses on the use of nanoparticles in the treatment of a variety of diseases, as an Advisor to EDG Partners, a healthcare private equity investment firm, and as a board member of MMIS, a global technology company that provides compliance and business intelligence solutions for the life science industry. Dr. Pace began his career as a resident in Otolaryngology (ENT) at the University of Virginia Hospital. After leaving a career in medicine for the investment world, he spent several years in equities at Credit Suisse and UBS, culminating in a role as a Senior Research Analyst covering medical devices. He then led healthcare high yield and distressed debt investing as part of AIG Investments. After AIG, he served as Managing Director at Citadel Investment Group and helped launch its effort in investment banking. Dr. Pace received a Bachelor of Arts, with Honors in Psychology, from Vanderbilt University and a Doctor of Medicine from The University of Texas Medical School at Houston. We believe that Dr. Pace's healthcare and investment experience give him the qualifications and skills to serve as a director.

*Gregory J. Trudel* has served as our President & Chief Executive Officer and a director since December 23, 2013. Mr. Trudel has over 25 years of experience in the surgical devices marketplace. Since 2008, and until becoming President & Chief Executive Officer of Encision Inc., Mr. Trudel has been employed by Covidien, a large global healthcare products company. Most recently, Mr. Trudel served as Global Director of Marketing for a division within the Surgical Solutions Group at Covidien. His time at Covidien also includes extensive marketing and product management experience in Covidien's Advanced Energy and Surgical Stapling. Prior to joining Covidien, Mr. Trudel held leadership roles with ConMed Electrosurgery, SilverGlide Surgical Technologies, and Stryker. He holds a B.S. from the University of Connecticut, Storrs, CT and an M.B.A from the University of Bridgeport, Bridgeport, CT. We believe that Mr. Trudel's executive experience with public companies and his experience in healthcare give him the qualifications and skills to serve as a director.

*David W. Newton*, is one of our co-founders and has been a Vice President and one of our directors since our inception in 1991. From 1989 until 1991, Mr. Newton was President of Newton Associates, Inc., a contract engineering firm. From 1985 to 1989, Mr. Newton was President of Tienet, Inc., a developer of integrated computer systems. Mr. Newton has an additional 16 years of experience as an electrical engineer designing electrosurgical generators and related accessories. Mr. Newton holds 26 patents in the field of medical electronic equipment and holds a Bachelor of Science Electrical Engineering degree from the University of Colorado. We believe that Mr. Newton's engineering experience with various firms gives him the qualifications and skills to serve as a director.

## **Director Meetings**

During the fiscal year ended March 31, 2015, our board of directors met in person four times and had two telephonic meetings. There were four meetings of the audit committee, two meetings of the compensation committee and one meeting of the nominating committee. The audit committee held four telephonic meetings with our independent auditors. Each director attended at least 75% of the aggregate of the total number of meetings of the board and the board committees on which he served during fiscal year 2015.

We encourage our incumbent directors to attend the Annual Meeting of Shareholders, subject to their travel schedule and other demands on their time. All of our directors attended the 2014 Annual Meeting of Shareholders.

Our board of directors determines whether a director is independent through a broad consideration of facts and circumstances, including an assessment of the materiality of any relation between us and a director not merely from the director's standpoint, but also from that of persons or organizations with which the director has an affiliation. In making this determination, the board of directors adheres to the independence criteria under applicable New York Stock Exchange, Inc. ("NYSE") rules. Using these rules, our board of directors has determined that Robert H. Fries, Vern D. Kornelsen, Patrick W. Pace, M.D. and Ruediger Naumann-Etienne qualify as independent directors.

#### Compensation of Directors

Our independent directors currently receive \$2,500 a quarter for their services and are reimbursed for their out-of-pocket expenses incurred in connection with their service as directors. Also, Patrick W. Pace, M.D., receives an additional \$3,750 a quarter for his service as Chairman. Option grants to our directors are at the discretion of the board of directors.

The following table details the total compensation earned by our non-employee directors in fiscal year 2015.

### Director Compensation

Name	Fees paid	Equity	All other	Total
	in cash	compensation	compensation	
	(\$) (1)	(\$) (2)	(\$)	(\$)
Robert H. Fries	8,750.00	4,252.00	84,733.00	(3) 97,735.00
Vern D. Kornelsen	8,750.00	4,252.00		13,002.00
Ruediger Naumann-Etienne	8,750.00			8,750.00
Patrick W. Pace, M.D.	25,000.00	10,000.00	4,000.00	(4) 39,000.00

(1) The following table provides a breakdown of fees paid in cash.

Name	Annual retainers
	(\$)
Robert H. Fries	8,750.00
Vern D. Kornelsen	8,750.00
Ruediger Naumann-Etienne	8,750.00
Patrick W. Pace, M.D.	25,000.00

Amounts reflect the aggregate grant date fair values of stock options and restricted stock units (“RSUs”). Amounts reflect the aggregate grant date fair values of grants made in each respective fiscal year, valued in accordance with ASC Topic 718. Assumptions used in the calculations of these amounts are set forth in Footnote 3 to our Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

(3) Compensation paid to an entity controlled by Mr. Fries for financial and tax consulting services provided to us.

(4) Compensation paid to an entity controlled by Dr. Pace for consulting services provided to us.

The following table provides information on the outstanding equity awards at fiscal year-end for non-employee directors.

### Outstanding Options and Restricted Stock Units for Non-Employee Directors at Fiscal Year-End 2015

Name	Number of securities underlying unexercised equity units
	(#)
	<b>exercisable</b>
Robert H. Fries	25,000
Vern D. Kornelsen	20,000
Ruediger Naumann-Etienne	10,638
Patrick W. Pace, M.D.	64,286 (1)

(1) Includes 14,286 RSUs.

#### Nominating Committee

The members of our nominating committee are Robert H. Fries, Vern D. Kornelsen and Patrick W. Pace, M.D. Our nominating committee recommends to our board of directors nominees for election to the board. Our nominating committee will consider recommendations for director nominees by shareholders if the names of those nominees and relevant biographical information are properly submitted in writing to our corporate secretary in the manner described for shareholder nominations above under the heading "Shareholder Proposals." A director nominee must have a strong professional or other background, a reputation for integrity and responsibility and experience relevant to our business and operations. A director nominee must be able to commit appropriate time to prepare for, attend and participate in all meetings of our board of directors and its committees, as applicable, and the annual meeting of shareholders and must not have any conflicts of interest with our business and operations. Our nominating committee will also require some director nominees to be independent as defined under the NYSE listing standards. All director nominees, whether submitted by a shareholder or our nominating committee, will be evaluated in the same manner. All current members of the nominating committee are independent for purposes of the NYSE listing standards.

The nominating committee does not have an express policy with regard to the consideration of any director candidates recommended by our shareholders because the nominating committee believes that it can adequately evaluate any such nominees on a case-by-case basis. The nominating committee will consider director candidates proposed by shareholders in accordance with the procedures set forth above under "Shareholder Proposals," and will evaluate shareholder-recommended candidates for director under the same criteria as internally generated candidates. We do not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the nominating committee strives to nominate directors with a variety of complementary skills so that, as a group, the board will possess the appropriate talent, skills and expertise to oversee our business. Although the nominating committee does not currently have formal minimum criteria for nominees, substantial relevant business and industry experience would generally be considered important qualifying criteria, as would the ability to attend and prepare for board, committee and shareholder meetings. Any candidate must state in advance his or her willingness and interest in serving on our board and its committees.

Our board of directors has adopted a written Nominating Committee Charter, a copy of which is available on our website at [www.encision.com](http://www.encision.com). Our nominating committee held one meeting during the fiscal year ended March 31, 2015.

### **Compensation Committee**

The members of the compensation committee are Vern D. Kornelsen, Robert H. Fries and Ruediger Naumann-Etienne. Our compensation committee reviews and approves compensation for our executive officers whose compensation is approved by our board of directors upon recommendation of the compensation committee. Our compensation committee also administers our stock option plans. Our board of directors has adopted a written Compensation Committee Charter, a copy of which is available on our website at [www.encision.com](http://www.encision.com). Our compensation committee held two meetings during the fiscal year ended March 31, 2015.

The compensation committee reviewed and considered our compensation policies and programs in light of the board of directors' risk assessment and management responsibilities and will do so in the future on an annual basis. The compensation committee believes that we have no compensation policies and programs that give rise to risks reasonably likely to have a material adverse effect on us.

### **Audit Committee**

Our board of directors maintains an audit committee comprised of our outside directors. The board of directors and the audit committee believe that the audit committee's current members are "independent directors" as defined by the applicable rules of the NYSE and regulations of the Securities and Exchange Commission ("SEC") as currently in effect

and applicable to us. The audit committee oversees our independent auditors and financial process on behalf of the board of directors. The audit committee has adopted a written charter. The audit committee has adopted a complaint procedure policy.

Vern D. Kornelsen and Ruediger Naumann-Etienne comprise the audit committee. Their backgrounds are more fully disclosed in their biographies under “Election of Directors.”

Our board of directors has determined that Vern D. Kornelsen and Ruediger Naumann-Etienne each qualify as an “audit committee financial expert” and each is “independent” as defined by the applicable regulations of the SEC as currently in effect and applicable to us.

The audit committee has adopted a written charter, a copy of which is available on the investor relations page of our website at [www.encision.com](http://www.encision.com). Our audit committee held four meetings during the fiscal year ended March 31, 2015 and held four telephonic meetings with our independent auditors during the fiscal year ended March 31, 2015.

### **Board Leadership Structure**

Our board of directors does not have a policy regarding separation of the roles of Chief Executive Officer and Chairman of the Board, as the board of directors believes it is in the best interest of the Company to make that determination based on the position and direction of the Company and the membership of the board. Presently, we have a Chairman of the Board. The board believes that the separate offices of the Chairman of the Board and Chief Executive Officer currently functions well and is the optimal leadership structure for the Company. This structure allows the Chief Executive Officer to focus to a greater extent on the management of our day-to-day operations.



Four of the six members of our board of directors satisfy the requirements of independence under the NYSE listing standards, and our audit, compensation, and nominating committees are composed entirely of independent directors. This structure encourages independent and effective oversight of our operations and prudent management of risk.

### **Risk Oversight**

The board of directors, principally through delegation to the audit committee oversees risks facing us. The audit committee regularly discusses with management, our internal auditors and our independent auditors our major risk exposures, whether financial, operating or otherwise, and the adequacy and effectiveness of our control of such risks. The audit committee also recommends from time to time that key identified risk areas be considered by the full board, and individual board members also periodically ask the full board to consider an area of risk. In addition, risk management issues are considered inherently by the board with respect to all major decisions made by the board.

Our board of directors believes that the decision as to who should serve as Chairman of the Board and/or Chief Executive Officer and whether the offices should be combined or separated is the proper responsibility of the board. Presently, we have an Executive Chairman of the Board. The board members have considerable experience and knowledge about the challenges and opportunities the company faces. The board, therefore, is in the best position to evaluate the company's current and future needs and to judge how the capabilities of the company's directors and senior management from time to time can be most effectively organized to meet those needs. While the board may combine these offices in the future if it considers such a combination to be in the best interest of the company, it currently intends to retain this structure.

### **Shareholder Communications with Directors**

Shareholders and other interested parties wishing to contact any member (or all members) of our board of directors or any committee of the board may do so by mail, addressed, either by name or title, to the board of directors or to any such individual director or group or committee of the directors, and all such correspondence should be sent to our principal office. Our administrative staff may review any such communications to ensure that inappropriate material is not forwarded to the board of directors or to any individual director. The board of directors intends to continuously evaluate its communication process with our shareholders and may adopt additional procedures to facilitate shareholder communications with the board of directors, consistent with standards of professionalism and our administrative resources.

### **Code of Ethics**

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and all other directors and executive officers. The Code of Ethics is available on the investor relations page of our website at [www.encision.com](http://www.encision.com). We intend to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of our Code of Ethics that apply to our principal executive, financial and accounting officers and directors by posting such information on our website.

## Executive Officers

The following table sets forth the names of our executive officers, their ages as of March 31, 2014, and their positions and offices held:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Gregory J. Trudel	54	President & CEO
David W. Newton	68	VP - Technology
Mala Ray	56	Controller, Treasurer, Corporate Secretary
Valerie Ray	43	VP - Operations
Michael Biggs	45	VP - Product Development
Brad Greathouse	55	VP - Regulatory Affairs and Quality Assurance

*Gregory J. Trudel* has served as our President & Chief Executive Officer and a director since December 23, 2013. Mr. Trudel has over 25 years of experience in the surgical devices marketplace. Since 2008, and until becoming President & Chief Executive Officer of Encision Inc., Mr. Trudel had been employed by Covidien, a large global healthcare products company. Most recently, Mr. Trudel served as Global Director of Marketing for a division within the Surgical Solutions Group at Covidien. His time at Covidien also includes extensive marketing and product management experience in Covidien's Advanced Energy and Surgical Stapling. Prior to joining Covidien, Mr. Trudel held leadership roles with ConMed Electrosurgery, SilverGlide Surgical Technologies, and Stryker. He holds a B.S. from the University of Connecticut, Storrs, CT and an M.B.A from the University of Bridgeport, Bridgeport, CT.

*David W. Newton* is one of our co-founders and has been a Vice President since our inception in 1991. From 1989 until 1991, Mr. Newton was President of Newton Associates, Inc., a contract engineering firm. From 1985 to 1989, Mr. Newton was President of Tienet, Inc., a developer of integrated computer systems. Mr. Newton holds 26 patents in the field of medical electronic equipment and holds a Bachelor of Science Electrical Engineering degree from the University of Colorado.

*Mala Ray* is our Controller, Treasurer and Corporate Secretary who joined us in 2012. Ms. Ray has extensive experience in GAAP accounting, ERP systems, process improvement and financial analysis at several medical device firms, including Medtronic Navigation from 2000 to 2009 and Gambro Renal from 2009 to 2010. Ms. Ray holds a Bachelor of Science in Business Administration degree from Regis University.

*Valerie Ray* is our Vice President of Operations who joined us in March 2014. Prior to this position, she was Executive Director of Manufacturing at MBio Diagnostics from April 2013 to February 2014, Program Manager at Baxa Corporation (currently Baxter Healthcare) from November 2000 to February 2011 and Engineering Product Manager at Gambro BCT (currently Terumo BCT) from March 1995 to October 2000. Ms. Ray started in medical device operations in 1995 and later divided her time between product development and operations, and brought products from concept to steady-state production for multi-million annual unit volumes. Her education includes a Bachelor of Science in Mechanical Engineering from the University of Colorado, an M.S. in Mechanical Engineering, specializing in Bioengineering, from the University of Colorado, and an MBA from the Daniels College of Business at the University of Denver. She is a certified project manager with a CPM from the Project Management Leadership Group and a PMP from the Project Management Institute.

*Michael Biggs* has been Director of Product Development for us since 2012 and was promoted to VP – Product Development in 2014. He has over two decades of experience in medical device development, with particular expertise in minimally invasive electrosurgical devices. In the past he was with Baxter Healthcare from 2009 to 2012, Conmed Electrosurgery from 2005 to 2008, and Asthmatx Inc from 1997 to 2004, which was purchased by Boston Scientific. Mr. Biggs holds a Bachelor of Science degree in mechanical engineering from University of California Berkeley, an MBA from University of Colorado, and is a named inventor on 26 U.S. patents in the medical device field.

*Brad Greathouse* has been Vice President of Regulatory Affairs and Quality Assurance since August of 2014. Prior to joining Encision, Mr. Greathouse held senior roles at Covidien (now Medtronic plc) in regulatory and quality, including VP-QA, early technologies, VP - RA/QA, energy and endomechanical, and Director of Product and Design Assurance, energy-based devices. He has been in the medical device industry for over 25 years and has extensive experience in quality management systems, quality engineering, supplier quality, design quality assurance and regulatory compliance. Mr. Greathouse holds a Bachelor of Science in Industrial Engineering from the University of Illinois, Urbana-Champaign.

The following table sets forth certain information regarding compensation earned or awarded to each person who served as our chief executive officer during our most recently completed fiscal year, and to each of our two most highly compensated executive officers (other than our chief executive officer) who earned in excess of \$100,000 during our most recently completed fiscal year, (collectively, the “Named Executive Officers”).

## EXECUTIVE COMPENSATION

**Summary Compensation Table**

<b>Name and principal position</b>	<b>Fiscal year</b>	<b>Salary (\$)</b>	<b>Option awards (\$)(1)</b>	<b>Total (\$)</b>
Gregory J. Trudel President, Chief Executive Officer	2015	210,000 <sup>(2)</sup>	4,252	214,252
	2014	48,619	115,474	164,093
David W. Newton VP — Technology	2015	137,723	5,696	143,419
	2014	127,671		127,671
Valerie Ray VP—Operations	2015	160,000 <sup>(3)</sup>	—	160,000
	2014	—	12,274	12,274

Amounts reflect the aggregate grant date fair values of grants made in each respective fiscal year, valued in (1) accordance with ASC Topic 718. Assumptions used in the calculations of these amounts are set forth in Footnote 3 to our Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

(2) Mr. Trudel began his service as President, CEO on December 23, 2013.

(3) Ms. Ray began her service as VP – Operations on March 31, 2014

### **Employment Agreements**

We entered into an employment agreement with Gregory J. Trudel on December 17, 2013. The employment agreement has an initial three-year term beginning with the start date of December 23, 2013. Thereafter, the term automatically renews for additional one-year periods unless either party gives prior written notice that it does not wish to automatically renew the term. The employment agreement provides that Mr. Trudel will receive an annual base salary of \$210,000. Mr. Trudel will be entitled to receive a special cash bonus in the event that we are acquired during the next five years at a price for our common stock of \$7.50 per share or more. In the event of such an acquisition, Mr. Trudel shall be entitled to a bonus amount equal to (i) such per share price, (ii) minus our per share price on the Start Date, (iii) multiplied by 40,000. Under the employment agreement, if we terminate Mr. Trudel without cause or Mr. Trudel resigns for “good reason”, Mr. Trudel will be entitled to receive a severance amount (up to one times his Base Salary) based upon the length of time Mr. Trudel was employed by us prior to the termination. Such severance will be paid out ratably over the twelve months following the termination. No severance will be paid if the term of the Employment Agreement expires or is not renewed. Mr. Trudel was granted stock options to purchase 200,000 shares of our common stock. The options vest over the five year period following the start date. The options have a per share exercise price of \$0.82, which was equal to our trading price on the start date. The vesting of the options will accelerate in the event of certain acquisition transactions involving us.

### **Equity Incentive Awards**

On August 13, 2014, our shareholders approved the adoption of the 2014 Equity Incentive Plan (the “2014 Plan”) providing for awards of stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, and other stock-based awards to our employees and directors. The 2014 Plan permits the granting of incentive stock options meeting the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, and also nonqualified stock options which do not meet the requirements of Section 422. As approved by the shareholders, we reserved 700,000 shares of our common stock for issuance upon exercise of equity incentive awards granted under the 2014 Plan. As of March 31, 2015, equity incentive awards to purchase an aggregate of 354,924 shares of our common stock (net of equity incentive awards canceled) had been granted pursuant to our 2007 Stock Option Plan and the 2014 Plan, no equity incentive awards had been exercised, leaving 600,076 still available for grant. In addition to options outstanding under the 2007 Stock Option Plan and 2014 Plan, there are 245,000 options outstanding outside of the

2007 Plan.

The compensation committee of the board of directors administers the 2007 Stock Option Plan and the 2014 Plan.

### Option Grants in Fiscal Year 2015

The following table sets forth options to acquire shares of our common stock granted to the Named Executive Officers during the fiscal year ended March 31, 2015.

Name	Grant date	Number of securities underlying options (#)	Exercise price of option awards (\$/Sh)	Grant date fair value of option awards (\$ (1))
Gregory J. Trudel	10/22/14	10,000	0.65	4,252
David W. Newton	8/13/14	10,000	0.87	5,696

Grant date fair value of option awards was determined pursuant to ASC Topic 718. Assumptions used in the (1) calculations of these amounts are set forth in Footnote 3 to our Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

**Options Exercised in Fiscal Year 2015**

There were no stock options exercised by the Named Executive Officers during fiscal year 2015.

**Outstanding Options at Fiscal Year-End 2015**

The following table sets forth certain information regarding the number and value of exercisable and unexercisable options to purchase shares of common stock held as of March 31, 2015 by the Named Executive Officers.

Name	Number of securities underlying unexercised options	Number of securities underlying unexercised options	Option exercise price (\$/Sh)	Option expiration date
	(#) exercisable	(#) unexercisable		
Gregory J. Trudel	50,740	149,260	0.82	03/23/19
		10,000	0.70	01/22/20
David W. Newton		10,000	0.94	11/13/19
Valerie Ray	4,000	16,000	1.00	06/30/19

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of June 12, 2015, the number of shares of our common stock, based upon 10,673,225 shares outstanding, owned by any person who is known by us to be the beneficial owner of more than 5% of our voting securities, by all individual directors, by all Named Executive Officers, and by all executive officers and directors as a group:

Beneficial Owner(1)	Shares	Percent of Class
	Beneficially Owned(2)	

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Vern D. Kornelsen <sup>(3)</sup>	2,665,498	24.36	%
David W. Newton <sup>(4)</sup>	328,966	3.08	%
Ruediger Naumann-Etienne	228,021	2.14	%
Robert H. Fries <sup>(5)</sup>	135,468	1.27	%
Patrick W. Pace, M.D. <sup>(6)</sup>	128,768	1.20	%
Gregory J. Trudel <sup>(7)</sup>	73,771	*	
Valerie Ray <sup>(8)</sup>	5,468	*	
All executive officers and directors as a group (10 Persons) <sup>(9)</sup>	3,616,548	32.57	%
<i>Other Shareholders holding 5% or more:</i>			
CMED Partners LLLP <sup>(10)</sup>	2,583,749	23.63	%
DAFNA Capital Management, LLC <sup>(11)</sup>	1,593,750	14.22	%
Charles E. Sheedy <sup>(12)</sup>	953,319	8.83	%

\*Less than 1%.

(1)The address of each director and officer of the Company is 6797 Winchester Circle, Boulder, CO 80301.

Shares not outstanding but deemed beneficially owned by virtue of an individual executive officer's or director's right to acquire them as of June 12, 2015, or within 60 days of such date, are treated as outstanding when determining the percent of the class owned by such individual and when determining the percent owned by all executive officers and directors as a group. Unless otherwise indicated, each person named or included in the group has sole voting and investment power with respect to the shares of Common Stock set forth opposite the shareholder's name.

Includes 2,395,470 shares and 262,500 shares of common stock issuable pursuant to warrants currently exercisable owned by CMED Partners LLLP, of which Mr. Kornelsen is the General Partner, and 7,528 shares issuable pursuant to options exercisable as of June 12, 2015, or within 60 days of such date.

(4)Includes 6,250 shares of common stock issuable pursuant to warrants currently exercisable.

(5)Includes 15,468 shares issuable pursuant to options exercisable as of June 12, 2015, or within 60 days of such date.

(6)Includes 34,222 shares issuable pursuant to options exercisable as of June 12, 2015, or within 60 days of such date.



- (7) Includes 2,813 shares of common stock issuable pursuant to warrants currently exercisable, and 65,333 shares issuable pursuant to options exercisable as of June 12, 2015, or within 60 days of such date.
- (8) Includes 5,468 shares issuable pursuant to options exercisable as of June 12, 2015, or within 60 days of such date.
- (9) Includes 271,563 shares of common stock issuable pursuant to warrants currently exercisable and 158,607 shares issuable pursuant to options exercisable as of June 12, 2015, or within 60 days of such date.
- (10) The address of CMED Partners LLLP is 4605 S. Denice Drive, Englewood, CO 80111. Mr. Kornelsen is indirectly the beneficial owner of these shares since he is the General Partner of CMED Partners LLLP.

Includes 531,250 shares of common stock issuable pursuant to warrants currently exercisable. Based solely on (11) Schedule 13G, filed February 13, 2015. The address of DAFNA Capital Management, LLC is 10990 Wilshire Boulevard, Suite 1400, Los Angeles, CA 90024.

Includes 125,000 shares of common stock issuable pursuant to warrants currently exercisable. Based solely on (12) Schedule 13G, filed September 3, 2014. The address of Charles E. Sheedy is 909 Fannin Street, Houston, TX 77010.

## **RELATED PARTY TRANSACTIONS**

In December 2013, we completed a private placement of 2,463,125 shares of our common stock and 1,231,563 shares of common stock issuable upon the exercise of warrants. The purchase price per share for the shares sold in the private placement was \$0.80. Mr. Vern Kornelsen, one of our directors, is affiliated with CMED Partners LLLP, an investment fund that purchased 525,000 shares and received warrants for 262,500 shares of common stock in the private placement. Gregory J. Trudel, our President and CEO, purchased 5,625 shares and received warrants for 2,813 shares of common stock in the private placement. DAFNA Capital Management, LLC purchased 1,062,500 shares and received warrants for 531,250 shares of common stock in the private placement. Mr. Charles E. Sheedy purchased 250,000 shares and received warrants for 125,000 shares of common stock in the private placement.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership of our common stock with the Securities and Exchange Commission. Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us during the fiscal year ended March 31, 2015, to our knowledge, our

directors, officers and holders of more than 10% of our common stock have timely filed all Section 16(a) reports, other than one late Form 3 filing by Mr. Greathouse.

### **Audit Committee Report**

Our board of directors maintains an audit committee comprised of our outside directors. The board of directors and the audit committee believe that the audit committee's current members are "independent directors" as defined by the applicable regulations of the SEC as currently in effect and applicable to us.

The audit committee reviews and reassesses the adequacy of its charter on an annual basis. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The audit committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the committee under generally accepted auditing standards, including Statement on Auditing Standards No. 61. In addition, the audit committee has discussed with the independent auditors the auditors' independence from management and us including the matters in the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communication with the audit committee concerning independence.

The audit committee discussed with our independent auditors the overall scope and plans for their audit. The audit committee meets with the independent auditors to discuss the results of their examination, their evaluation of our internal controls, and the overall quality of our financial reporting. In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors, and the board of directors has approved, that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee

Vern D. Kornelsen, Audit Committee Member

Ruediger Naumann-Etienne, Audit Committee Member

RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS

**(Proposal Item #2)**

Our board of directors and audit committee have selected Eide Bailly LLP as our independent registered public accounting firm to audit our financial statements for the fiscal year ending March 31, 2016. The decision to engage Eide Bailly LLP was approved by our board of directors and audit committee, and this appointment is being submitted to our shareholders for ratification at the Annual Meeting.

Eide Bailly LLP served as the principal accountant to audit our financial statements for the fiscal years ended March 31, 2015 and 2014.

We do not expect that a representative of Eide Bailly LLP will be present at the Annual Meeting.

During our two most recent fiscal years, and any subsequent interim period preceding July 3, 2015, there were no disagreements between us and Eide Bailly LLP, on any matter of accounting principles or practices, financial disclosure, or auditing scope or procedure.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF EIDE BAILLY LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2015.**

*Audit Fees*

Audit fees and related expenses for fiscal years ended March 31, 2015 and 2014 audit by Eide Bailly LLP were \$32,592 and \$34,726, respectively.

*Audit-Related Fees*

Audit-related expenses include \$14,619 and \$14,853 to Eide Bailly LLP related to the review of the financial statements contained in our quarterly 10-Q filings for fiscal years ended March 31, 2015 and 2014, respectively.

*Tax Fees*

Eide Bailly LLP did not render any services related to tax return preparation or tax planning for the fiscal years ended March 31, 2015 and 2014, respectively.

*All Other Fees*

Aggregate fees billed for any other services rendered by Eide Bailly LLP for the fiscal years ended March 31, 2015 and 2014 was none and \$1,100, respectively.

*Approval of Auditor Services and Fees*

Our audit committee ensures that we engage our independent public accountants to provide only audit and non-audit services that are compatible with maintaining the independence of our independent public accountants. Our audit committee approves or pre-approves all services provided by our independent public accountants. Permitted services include audit and audit-related services, tax and other non-audit related services. Certain services are identified as restricted. All fees identified in the preceding first two paragraphs were approved by our audit committee.

**OTHER MATTERS**

We know of no other matters that may come before the meeting. However, if any additional matters are properly presented at the meeting, it is intended that the persons named in the enclosed Proxy Card, or their substitutes, will vote such proxy in accordance with their judgment on such matters.

**ANNUAL REPORT TO SHAREHOLDERS**

Our Annual Report for the fiscal year ended March 31, 2015, including audited Financial Statements for the year then ended, as filed with the Securities and Exchange Commission on Form 10-K is being mailed to shareholders on or about July 3, 2015 with these proxy materials.

In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the Securities and Exchange Commission called “householding”. Under this practice, shareholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our proxy materials unless one or more of these shareholders notifies us that they wish to continue receiving individual copies. Shareholders who participate in householding will continue to receive separate proxy cards.

If you share an address with another shareholder and received only one set of proxy materials and would like to request a separate copy of these materials and/or future proxy materials, please send your request to: 6797 Winchester Circle, Boulder, CO 80301, Attention: Mala Ray. You may also contact us if you received multiple copies of the proxy materials and would prefer to receive a single copy in the future.

**IN ORDER THAT YOUR SHARES MAY BE REPRESENTED IF YOU DO NOT PLAN TO ATTEND THE MEETING, PLEASE SIGN, DATE AND RETURN YOUR PROXY CARD PROMPTLY. IN THE EVENT THAT YOU ARE ABLE TO ATTEND THE MEETING, WE WILL, IF YOU REQUEST, CANCEL THE PROXY CARD.**

**SIGNATURE**

By Order of the Board of Directors

/s/ Gregory J. Trudel

President and CEO

Boulder, Colorado

July 3, 2015

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