

TROY GROUP INC  
Form DEFA14A  
November 04, 2004

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 (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

**TROY GROUP, INC**

(Name of Registrant as Specified In Its Charter)

**Not Applicable**

(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)(4) and 0-11.
 

(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
(5)	Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous 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:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**



On November 4, 2004, the Orange County Register printed the following article:

**Troy lawsuits are thrown out**

Ruling boosts founder's bid to buy firm, but some shareholders want judge to appraise shares.

**By TAMARA CHUANG**

The Orange County Register

Four class-action lawsuits against Troy Group were thrown out of court Wednesday, clearing the way for the family that founded the Santa Ana business to buy the company.

But not as cleanly as the Dirk family had hoped.

Some shareholders of the check- printing system and wireless tech company still think the Dirks' \$3.06-a- share offer isn't a fair price. They now plan to take their case to a new judge who will appraise the company and set a price for their shares.

The intrinsic value (of Troy) is multiple times higher than what the Dirks have offered us. We think we have an extremely good case and want to have a judge decide," said John Lewis, a managing partner at Osmium Partners, which had filed one of the class-action suits. Osmium owns 4 percent of Troy.

This could put a kink in the family's plans to take Troy private.

A shareholder vote, set for Tuesday, was to be the end of the family's 19-month struggle to buy the company that Patrick Dirk, Troy's chief executive, founded in 1982.

But a series of higher counteroffers keeps foiling the Dirks' hopes for a smooth sale.

## Edgar Filing: TROY GROUP INC - Form DEFA14A

Dirk, whose family owns about 65 percent of Troy, is confident that the price will stand up in court. In Nasdaq trading, Troy shares closed Wednesday at \$3.06 exactly the family's offer.

We've had two independent firms appraise the company, and we believe that every action we've taken has been fair to the minority shareholders and is the right and appropriate thing to do for Troy and its employees, Dirk said.

Troy thrived during the high-tech boom of the late 1990s.

It went public at \$7 a share in July 1999 and traded at \$32 by March the next year.

But after a business slowdown, the stock dropped to \$1.50.

The Dirks felt the company was undervalued, so in March 2003, the family offered to buy all outstanding shares for \$2.70 each.

They left the decision to the minority shareholders. Soon, counteroffers came in from outsiders. First for \$3.50 per share. Then \$4. Minority shareholders voted against the sale in September 2003.

The Dirks came back in May with an offer of \$3.06 per share and no longer left it to the minority. A counteroffer came in for \$4.50 per share. Minority shareholders filed class-action suits.

On Wednesday, Dirk said, all pending lawsuits regarding the merger were dismissed by an Orange County Superior Court judge. They were dismissed with prejudice, which means they can't be filed again.

We believe very strongly that the fact that these cases were dismissed with prejudice points to the fact that there was nothing to go on, Dirk said.

In a merger, minority shareholders can seek a better price for their shares by going to court to exercise their appraisal rights. In that process, shareholders submit their case to a judge, who decides on a price.

Lewis, with Osmium Partners, takes heart from a case involving the Quiznos sandwich chain. When it went private in 2001, it paid \$8.50 per share. But shareholders exercised their appraisal rights, and in April, a judge approved a settlement that valued the shares up to \$32.50.

The Dirks can retract their offer if more than 5 percent of the shareholders act on their appraisal rights, according to the merger agreement.

CONTACT US: (714) 796-4952 or [tchuang@ocregister.com](mailto:tchuang@ocregister.com)

---