

ENTRX CORP
Form PRE 14A
November 08, 2006

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 x
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- x Preliminary Proxy Statement
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ENTRX CORPORATION

(Name of Registrant as Specified In Its Charter)

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3) Filing Party:

4) Date Filed:

ENTRX CORPORATION
800 Nicollet Mall, Suite 2690
Minneapolis, Minnesota 55402

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
to be held on
December 18, 2006

Notice is hereby furnished to the shareholders of Entrx Corporation, a Delaware corporation (“Entrx”), of record as of the close of business on November 9, 2006, of the Annual Meeting of shareholders thereof, to be held at 10:00 a.m. on December 18, 2006, at the offices of Entrx, at 800 Nicollet Mall, Minneapolis, Minnesota, for the following purposes:

1. To elect the members of the Board of Directors of Entrx;
2. To consider and vote on a proposal to amend Entrx’s Restated and Amended Certificate of Incorporation to effect a reverse stock split, followed by a forward stock split, of Entrx’s common stock; and
3. To transact such other business as may properly come before the meeting, or any adjournment thereof.

Only shareholders of record as of the close of business on November 9, 2006, or their legal representatives, are entitled to notice and to vote at the Annual Meeting or any adjournment thereof. Each shareholder is entitled to one vote per share on all matters to be voted on at the Annual Meeting.

A Proxy, Proxy Statement and the 2005 Annual Report on Form 10-KSB. are enclosed herewith. You are requested to complete and sign the Proxy, which is being solicited by the Board of Directors and management of Entrx Corporation, and to return it in the envelope provided.

By Order of the Board of Directors

/s/ Peter L. Hauser
*Chief Executive Officer and
Chairman of the Board*

November __, 2006

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Minneapolis, Minnesota 55402

PROXY STATEMENT
2006 ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to the shareholders of Entrx Corporation (hereinafter referred to as “Entrx” or “we”), in connection with the solicitation by the Board of Directors of Entrx of proxies to be voted at the annual meeting of Entrx shareholders (the “Meeting”), to be held at 10:00 a.m. on December 18, 2006 at the offices of Entrx at 800 Nicollet Mall, Minneapolis, Minnesota. This Proxy Statement and the accompanying form of Proxy (the “Proxy”) were first mailed on approximately November __, 2006 to the shareholders of record of Entrx as of the close of business on November 9, 2006.

VOTING INFORMATION

Who is entitled to vote?

The holders of common stock of Entrx who are shareholders of record on November 9, 2006, may vote at the Meeting. As of November 9, 2006, there were 8,001,147 shares of Entrx's common stock outstanding.

What are you voting on?

At the Meeting, the following matters will be voted on:

- The election of four members of the Board of Directors (the “Board”) of Entrx.

▲ A proposal to amend Entrx’s Restated and Amended Certificate of Incorporation in order to effect a reverse stock split, followed by a forward stock split, of Entrx’s common stock.

- Other matters incident to the conduct of the Meeting.

How does the Board recommend you vote on the proposals?

The Board recommends that you vote your shares **FOR** the election of each of Entrx's nominees for director.

The Board recommends that you vote your shares **FOR** the proposed amendments to Entrx’s Restated and Amended Certificate of Incorporation in order to effect a reverse, followed by a forward, stock split of Entrx’s common stock.

Who will be soliciting your vote?

The Board is soliciting your vote by mail through this Proxy Statement. However, your vote may also be solicited in person or by telephone by directors, officers or employees of Entrx. Brokers/dealers, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners of Entrx's common stock, and will be reimbursed for their expenses in connection with that activity. The cost of all of this solicitation is being paid for by Entrx.

How can you vote?

If you hold your shares as a shareholder of record, you can vote in person at the Meeting or you can vote by mail. You are a "shareholder of record" if you hold your shares directly in your own name. If you hold your shares indirectly in the name of a bank, broker or other nominee, you are a "street name shareholder." If you are a street name shareholder, you will receive instructions from your bank, broker or other nominee describing how to vote your shares.

How do you vote by mail?

You can vote by mail by following the instructions on the accompanying form of Proxy, signing the Proxy, and mailing it to the address noted on the Proxy or by using the accompanying envelope provided for that purpose. The persons named as proxies on the Proxy will vote your shares in accordance with your instructions. If you sign and submit your Proxy without giving instructions, the proxies named on the Proxy will vote your shares as recommended by the Board of Directors.

How can you revoke your Proxy?

If you are a shareholder of record, you can revoke your Proxy by:

- Submitting a new Proxy;
- Giving written notice before the meeting to Entrx's Secretary, at 800 Nicollet Mall, Suite 2690, Minneapolis, Minnesota 55402, stating that you are revoking your Proxy; or
- Attending the Meeting and voting your shares in person.

Merely attending the meeting without voting will not revoke your Proxy.

If you are a street name shareholder, you may revoke your Proxy only as instructed by the bank, broker or other nominee holding your shares.

How do you sign the Proxy?

Sign your name exactly as it appears on the Proxy. If you are signing in a representative capacity (for example, as a guardian, trustee, executor, administrator, attorney or the officer or agent of a company), include your name and title or capacity. If the shares are held in custody (for example, under the Uniform Transfer to Minors Act), the custodian should sign the Proxy, not the minor or other beneficiary.

If the shares are held in joint ownership, both owners should sign the Proxy. If, however, only one of the owners signs, that Proxy (referred to as the “first Proxy”) will be counted, unless one or more of the other owners signs a Proxy or casts a vote which is in conflict with the first Proxy, in which case the vote of the majority of the owners in interest shall be entitled to vote or give authority to vote all of the shares. If more than one owner votes, but the vote is evenly split on an issue, the shares may be voted proportionately; that is, one-half of the shares may be voted on one side of the issue, and the other half on the other side.

What does it mean if you receive more than one proxy or voting instruction card?

It means your shares are registered differently or are in more than one account. Please provide voting instructions for each Proxy you receive to ensure all your shares are voted.

What constitutes a quorum?

A quorum of shareholders is necessary to hold a valid meeting of shareholders. A majority of the outstanding shares, present in person or represented by proxy, constitutes a quorum for the Meeting. Abstentions and broker non-votes (as described below) are counted as present for establishing a quorum.

How can you cast your vote for directors?

You may cast your vote for any nominee as a member of the Board of Directors two ways. You may cast one vote for each share you own for each nominee, or you may cumulate your votes. In order to cumulate your votes, you would multiply the number of directors to be elected (four in this case) by the number of shares you own. This is the total (or cumulative) number of votes you can exercise. You may then cast this cumulative number of votes for one nominee, or distribute those votes among two or more nominees in any proportion you desire. In an uncontested election there is normally no need to cumulate votes.

How many votes are needed for approval of each proposal?

Persons nominated to be a member of the Board of Directors are elected by a plurality. That is, since there are four directorships established by the Board of Directors, those four nominees who receive the greatest number of votes will be elected as members of the Board of Directors, regardless of whether they receive the affirmative vote of the shareholders owning a majority of the shares of common stock present in person or by proxy. In an uncontested election, the plurality requirement is not a factor.

Approval of the proposal to amend Entrx’s Restated and Amended Certificate of Incorporation in order to effect a reverse, followed by a forward, stock split of Entrx’s common stock, requires the affirmative vote of the holders of a majority of the outstanding shares of Entrx’s common stock.

What is a broker non-vote?

A broker non-vote occurs when a broker submits a Proxy that does not indicate a vote for some of the proposals because the broker did not receive instructions from the beneficial owner on how to vote on those proposals and does not have discretionary authority to vote in the absence of instructions.

How can you attend the Meeting?

If you are a shareholder of record on November 9, 2006, you can attend the meeting by presenting acceptable identification at the Meeting. If you are a street name shareholder you may attend the meeting by presenting acceptable identification along with evidence of your beneficial ownership of Entrx common stock.

PROPOSAL 1**ELECTION OF DIRECTORS****General**

Four persons, three of whom are currently members of Entrx's Board of Directors, are being nominated for election at the Meeting. Unless otherwise directed, it is the intention of those persons named as proxies in the accompanying form of Proxy to vote for the election of Joseph M. Caldwell, Peter L. Hauser, E. Thomas Welch and John P. Hupp as the members of Entrx's Board of Directors. Each nominee is being nominated for a term which will end with the next annual meeting of Entrx's shareholders.

Information Concerning Nominees

The name, initial year of service as a director, age and respective office with Entrx of each nominee as a director of Entrx as of the date of this Proxy Statement, are as follows:

<u>Name</u>	<u>Director Since</u>	<u>Age</u>	<u>Position</u>
Peter L. Hauser	2004	65	Chairman of the Board President, Chief Executive Officer and Director
Joseph M. Caldwell ⁽¹⁾	2002	38	Director
E. Thomas Welch ⁽²⁾	2004	68	Director
John P. Hupp	n/a	47	Director

⁽¹⁾Member of the Audit and Stock Option Committees since March 2003, Nominating Committee since April 2004, and Compensation Committee since December 2004.

⁽²⁾Member of the Audit, Compensation, Nominating and Stock Option Committees since December 2004. Mr. Welch, who is an independent director, will serve on Entrx's Audit Committee as a financial expert following his election to the Board of Directors.

The business experience, principal occupations and directorships in publicly-held companies for the persons nominated to be directors of Entrx are set forth below.

Peter L. Hauser has been the president and chief executive officer of Entrx Corporation since October 2004, and devotes approximately one-third of his working time to such office. Mr. Hauser is a founder, and has been the principal owner and chairman of the board of directors, of Health Care Financial Solutions, Inc., since March 2003. Health Care Financial Solutions, Inc., with its office in St. Paul, Minnesota, is engaged in the development and marketing of a health care claims administration software system for use by third-party health care plan administrators. Mr. Hauser was an account executive at Feltl & Company, a Minneapolis, Minnesota securities brokerage firm, from April 2003 until June 2003. From 1977 through April 2003, Mr. Hauser was employed at Equity Securities Trading Co., Inc., a Minneapolis, Minnesota-based securities brokerage firm (now known as The Oak Ridge Financial Group, Inc.), where he acted as a vice president and a principal beginning in 1993. From 1993 until 2003, Mr. Hauser was a member of the board of directors of GelStat Corp. (OTCBB: GSAC.OB), (formerly called "Developed Technology Resources, Inc."), which was previously engaged in various enterprises in the former Soviet Union, including the distribution of airport security equipment and the manufacture and distribution of dairy products

and snack foods. By 2003, GelStat had disposed of all of its assets relating to its former Soviet Union enterprises, and began engaging in the domestic production and distribution of over-the-counter, non-prescription health care products.

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Joseph M. Caldwell is a founder, and has been a member of the board of directors of Marix Technologies, Inc. since May 2000. From May 2000 through April 2002, and since February 2003, Mr. Caldwell was and has been the chief executive officer of Marix. Marix is a privately held company based in Minneapolis, Minnesota that develops and markets software designs to facilitate and control offsite access to software applications and access to information. Mr. Caldwell was the founder, and has been a member of the board of directors of US Internet Corporation, since March 1995. From March 1995 to May 2000, and beginning again in April 2002, Mr. Caldwell was a chief executive officer of US Internet Corporation, which is a Minneapolis-based privately held Internet service provider, with service in over 1,300 cities nationwide and over 110 cities internationally. In June 1998, he co-founded Net Lifestyles, Inc., and has served as co-chairman of the board of directors from June 1998 to the present. Net Lifestyles is a privately held direct sales company marketing websites, e-commerce solutions, and Internet access to individuals and small businesses.

E. Thomas Welch has been the president of BNC National Bank at its Minneapolis, Minnesota office, since April 2005. BNC National Bank, with corporate offices in Phoenix, Arizona, conducts banking business through 21 banks located in North Dakota, Minnesota and Arizona. Mr. Welch was a Managing Director of the U. S. Trust Company, at its Minneapolis, Minnesota office, from April 2001 until March 2005, where he was primarily responsible for financial, risk management, compliance and fiduciary matters. U.S. Trust Company was engaged nationally in the trust, asset management, investment and banking business. From 1984 until April 2001, Mr. Welch was employed by Resource Trust Company, in Minneapolis, Minnesota, where he acted as the president from 1988 to April 2001, in charge of private banking, trust investment and corporate matters. Resource Trust Company and its principal affiliated companies were acquired by U.S. Trust Company in April 2001. Mr. Welch has a Bachelor's degree in accounting and a J.D. degree in law.

John P. Hupp, a nominee as a director, has been the President of GelatCo, LLC since June 2006. GelatCo, with offices in Minnetonka, Minnesota, manufactures and markets high-end Italian ice cream and sorbet for sale in supermarkets and restaurants and to retail customers, in the Minneapolis/St. Paul metropolitan area under the brand name Caruso's. From August 2002 until March 2006, Mr. Hupp was President of Hangers America, LLC, with offices in Eagan, Minnesota. Hangers America, LLC engaged in the franchising of commercial cleaning businesses which utilize an environmentally friendly, liquid carbon dioxide-based dry-cleaning system manufactured and developed by its parent, Cool Clean Technologies, Inc. From January 2001 to August 2002, Mr. Hupp was the manager of the Telemetry division of Chart Industries, Inc., in Burnsville, Minnesota, which was engaged in the development and commercialization of a telemetry and business routing system for the distribution of industrial gases. Mr. Hupp was employed by Developed Technology Resource, Inc. (now known as GelStat Corp.) from June 1993 until January 2001, first as director of legal affairs until June 1995, then as President. Developed Technology Resource, Inc. was engaged in various enterprises in the former Soviet Union, including the distribution of airport security equipment and the manufacture and distribution of dairy products and snack foods. Mr. Hupp has a J.D. degree in law.

Information Concerning Directors Not Standing for Re-Election

Kenneth W. Brimmer, who has been a member of Entrx's Board of Directors since February 2002, determined not to seek re-election as a member of Entrx's Board of Directors. Mr. Brimmer became a member of Entrx's Compensation Committee and Nominating Committee since February 2002, Entrx's Audit Committee since June 2002, and Entrx's Stock Option Committee since September 2002. Mr. Brimmer, an independent director, will serve on Entrx's Audit committee as its financial expert until the Annual Meeting.

Mr. Brimmer has been the owner and chief manager of Brimmer Company, LLC, a private investment company, since December 2001. Mr. Brimmer has been the chief executive officer of STEN Corporation (Nasdaq-SC: STEN), since September 2003, and has served as a member of its board of directors since February 1998 and as chairman of its board of directors since March 2000. STEN Corporation, with offices in Minneapolis, Minnesota, provides contract manufacturing services and owns and operates drive-through restaurants under the name "Burger Time." At the request of Entrx's Board of Directors, Mr. Brimmer acted as the chief executive officer and chairman of the board of directors of VioQuest Pharmaceuticals, Inc. (formerly Surg II, Inc. and Chiral Quest, Inc.) (OTCBB: VQPH.OB), from May 2002 until February 2003. VioQuest Pharmaceuticals, Inc. was a 90%-owned Entrx subsidiary during that period, until October 2003. He continued to serve as a board member at VioQuest Pharmaceuticals, Inc. until December 2005. Mr. Brimmer was the chief executive officer and chief financial officer of Active IQ Technologies, Inc. from March 2000 until December 2001, and acted as chairman of its board of directors until June 2003. Active IQ Technologies, Inc. was engaged in providing accounting software services in Minnetonka, Minnesota, and is now in the precious metals exploration business under the name Wits Basin Precious Metals, Inc. (OTCBB: WITN.OB). Mr. Brimmer is also a member of the board of directors of Landings Restaurants (NYSE: LNY) and Hypertension Diagnostics (OTCBB: HDII.OB) and is chairman of the Board of Directors of Spectre Gaming, Inc. (OTCBB: SGMG).