

Higher One Holdings, Inc.
Form PREM14A
February 03, 2016

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

SCHEDULE 14A

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 under §240.14a-12

HIGHER ONE 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.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth
(3) the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

\$37,000,000

(5) Total fee paid:

\$3,725.90

Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

HIGHER ONE HOLDINGS, INC.

115 Munson Street

New Haven, Connecticut 06511

_____, 2016

Dear Fellow Stockholder:

A special meeting (the “Special Meeting”) of the stockholders of Higher One Holdings, Inc. (“Higher One”) will be held on _____, 2016 at 9:00 a.m. local time at 115 Munson Street, New Haven, CT.

At the Special Meeting, you will be asked to consider and vote upon the following proposals:

To authorize the sale (the “Asset Sale”) by Higher One, Inc., a wholly-owned subsidiary of Higher One, of substantially all of the assets, and the transfer of substantially all of the liabilities, exclusively related to or used in

1. Higher One, Inc.’s refund disbursement business, pursuant to the Asset Purchase Agreement by and among Higher One, Higher One, Inc., Customers Bank and Customers Bancorp, Inc., dated December 15, 2015 (the “Asset Purchase Agreement”), as more fully described in the enclosed Proxy Statement (the “Asset Sale Proposal”);

2. To approve, by non-binding, advisory vote, certain compensation arrangements, as described in the enclosed Proxy Statement, for a named executive officer of Higher One in connection with the Asset Sale (the “Compensation Proposal”, and together with the “Asset Sale Proposal”, the “Proposals”); and

3. To transact such other business as may properly come before the meeting and any postponements or adjournments thereof.

After careful consideration, our board of directors determined that the Asset Sale and the terms and conditions of the Asset Purchase Agreement are desirable and in the best interests of Higher One and its stockholders. Our board of directors recommends that you vote “**FOR**” the authorization of the Asset Sale Proposal and approval of the Compensation Proposal.

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The enclosed Notice of Special Meeting and Proxy Statement explain the Proposals and provide specific information concerning the Special Meeting. Please read these materials (including the annexes) carefully.

Your vote is very important, regardless of the number of shares you own. Only stockholders who owned shares of Higher One's common stock at the close of business on January 29, 2016, the record date for the Special Meeting, will be entitled to vote at the Special Meeting. To vote your shares, you may return your proxy card, submit a proxy via the Internet or by telephone or attend the Special Meeting and vote in person. Even if you plan to attend the Special Meeting, we urge you to promptly submit a proxy for your shares via the Internet, by telephone or by completing, signing, dating and returning the enclosed proxy card.

On behalf of your board of directors, thank you for your continued support.

Very truly yours,

Marc Sheinbaum
President and CEO

HIGHER ONE HOLDINGS, INC.

115 Munson Street

New Haven, Connecticut 06511

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD _____, 2016**

To the Stockholders of Higher One:

A special meeting (the “Special Meeting”) of the stockholders of Higher One Holdings, Inc., a Delaware corporation (“Higher One”), will be held on _____, 2016 at 9:00 a.m. local time at 115 Munson Street, New Haven, CT, to consider and vote upon the following proposals:

To authorize the sale (the “Asset Sale”) by Higher One, Inc., a wholly-owned subsidiary of Higher One, of substantially all of the assets, and the transfer of substantially all of the liabilities, exclusively related to or used in
1. Higher One, Inc.’s refund disbursement business, pursuant to the Asset Purchase Agreement by and among Higher One, Higher One, Inc., Customers Bank and Customers Bancorp, Inc., dated December 15, 2015 (the “Asset Purchase Agreement”), as more fully described in the enclosed Proxy Statement (the “Asset Sale Proposal”);

To approve, by non-binding, advisory vote, certain compensation arrangements, as described in the enclosed Proxy
2. Statement, for a named executive officer of Higher One in connection with the Asset Sale (the “Compensation Proposal”, and together with the “Asset Sale Proposal”, the “Proposals”); and

To transact such other business as may properly come before the meeting and any postponements or adjournments
3. thereof.

After careful consideration, our board of directors determined that the Asset Sale and the terms and conditions of the Asset Purchase Agreement are desirable and in the best interests of Higher One and its stockholders. Our board of directors recommends that you vote **“FOR”** the authorization of the Asset Sale Proposal and approval of the Compensation Proposal.

Our board of directors has fixed January 29, 2016 as the record date for determining the stockholders entitled to notice of and to vote at the meeting. The Asset Sale may constitute the sale of substantially all of the property and assets of Higher One within the meaning of Section 271 of the Delaware General Corporation Law (the “DGCL”). Pursuant to the DGCL, the Asset Sale Proposal requires approval by the affirmative vote of holders of a majority of our common stock entitled to vote thereon.

Please read the enclosed Proxy Statement carefully. Whether or not you plan to attend the Special Meeting, please submit your proxy as promptly as possible by Internet, telephone, or by completing, dating, signing and returning the enclosed proxy card in the accompanying reply envelope. If you have Internet access, we encourage you to vote via the Internet. If you attend the Special Meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

By Order of the Board of Directors,

Thomas D. Kavanaugh
Corporate Secretary

New Haven, Connecticut
_____, 2016

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HIGHER ONE HOLDINGS, INC.
115 Munson Street

New Haven, Connecticut 06511

**PROXY STATEMENT
FOR
SPECIAL MEETING OF STOCKHOLDERS**

INTRODUCTION

This Proxy Statement is being furnished in connection with the solicitation of proxies by the board of directors of Higher One Holdings, Inc. (hereinafter “we,” “us,” “our,” the “Company” or “Higher One”) for use at a Special Meeting of the stockholders of Higher One to be held on _____, 2016 (the “Special Meeting”) at 9:00 a.m. local time at 115 Munson Street, New Haven, CT, and any postponements or adjournments thereof. This Proxy Statement was first made available to stockholders on or about _____, 2016.

At the Special Meeting, our stockholders will consider and vote upon the following proposals:

1. To authorize the sale (the “Asset Sale”) by Higher One, Inc. (“HOI”), a wholly-owned subsidiary of Higher One, of substantially all of the assets, and the transfer of substantially all of the liabilities, exclusively related to or used in HOI’s business of disbursing student loan and other refunds for its higher education institutional clients and servicing student-oriented checking accounts for the students of those clients (excluding HOI’s eRefund service) (collectively, the “Business” or the “Disbursements and OneAccount Business”), pursuant to the Asset Purchase Agreement by and among Higher One, HOI, Customers Bank and Customers Bancorp, Inc. (together with

Customers Bank, “Buyer”), dated December 15, 2015 (the “Asset Purchase Agreement”), as more fully described in this Proxy Statement (the “Asset Sale Proposal”);

- To approve, by non-binding, advisory vote, certain compensation arrangements, as described in this Proxy
2. Statement, for a named executive officer of Higher One in connection with the Asset Sale (the “Compensation Proposal”, and together with the “Asset Sale Proposal”, the “Proposals”); and
 3. To transact such other business as may properly come before the meeting and any postponements or adjournments thereof.

After careful consideration, our board of directors (“Board”) determined that the Asset Sale and the terms and conditions of the Asset Purchase Agreement are desirable and in the best interests of Higher One and its stockholders. Our Board recommends that you vote “**FOR**” the authorization of the Asset Sale Proposal and approval of the Compensation Proposal.

Only stockholders of record as of January 29, 2016 (the “Record Date”) will be entitled to vote at the Special Meeting and any postponements or adjournments thereof. As of the Record Date, 48,012,477 shares of our common stock, par value \$0.001 per share, were outstanding and eligible to be voted. The holders of common stock are entitled to one vote per share on any proposal presented at the Special Meeting. Stockholders may vote in person or by proxy. Execution of a proxy will not in any way affect a stockholder’s right to attend the Special Meeting and vote in person. Any proxy may be revoked by a stockholder at any time before it is exercised by delivery of a written revocation or a later executed proxy to the Secretary of the Company or by attending the Special Meeting and voting in person by written ballot.

The costs of preparing, assembling and mailing this Proxy Statement and the other material enclosed and all clerical and other expenses of solicitation will be paid by Higher One. In addition to the solicitation of proxies by mailing, directors, officers and employees of Higher One, without receiving additional compensation, may solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. Higher One also will request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of common stock held of record by such custodians and will reimburse such custodians for their expenses in forwarding soliciting materials.

These transactions have not been approved or disapproved by the SEC, and the SEC has not passed upon the fairness or merits of these transactions nor upon the accuracy or adequacy of the information contained in this Proxy Statement. Any representation to the contrary is unlawful.

SUMMARY TERM SHEET

This summary highlights information included elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider before voting on the Proposals presented in this Proxy Statement. You should read the entire Proxy Statement carefully, including the annexes attached hereto. For your convenience, we have included cross references to direct you to a more complete description of the topics described in this summary.

The Asset Sale. Under the Asset Purchase Agreement, Buyer will acquire substantially all of the assets, and assume substantially all of the liabilities, exclusively related to or used in the Business for \$37 million in cash payable as follows (x) \$17 million on the closing date and (y) \$10 million on each of the first two anniversaries of such date. In addition, during each of the three (3) years beginning in 2017, in the event the annual gross revenue generated by the Business exceeds \$75 million, Buyer shall pay HOI an incentive payment of thirty-five percent (35%) of any such excess. We will retain all of our assets used in any of our businesses not related to the Asset Sale (the “Other Businesses”). We will also retain all of our other debts and liabilities, including expenses related to the Other Businesses and corporate functions, our remaining senior executives and professional advisors. See “Proposal No. 1: The Asset Sale—The Asset Purchase Agreement.”

Reasons for the Asset Sale. Our Board considered a number of factors before deciding to enter into the Asset Purchase Agreement, including, among other things, the price to be paid by Buyer, the strategic and financial benefits that the Asset Sale will provide to Higher One, the diligent sale process with respect to the Business that led to entering into the Asset Purchase Agreement, the future business prospects of the Business and the terms and conditions of the Asset Purchase Agreement. See “Proposal No. 1: The Asset Sale—Reasons for the Asset Sale.”

Board Recommendation. Our Board has determined by unanimous vote of the directors present at the meeting (at which there was a quorum) that the Asset Sale Proposal is desirable and is in our best interests and the best interests of our stockholders and has directed that it be submitted to our stockholders for their approval. Our Board recommends that you vote FOR the Asset Sale Proposal. You should read “Proposal No. 1: The Asset Sale—Reasons for the Asset Sale” for a discussion of factors that our Board considered in deciding to recommend the approval of the Asset Sale Proposal.

Required Vote. Approval of the Asset Sale Proposal requires the affirmative vote of holders of a majority of shares of our common stock entitled to vote thereon.

Opinion of Higher One’s Financial Advisor. At the December 13, 2015 meeting of the Board at which the members of the Board in attendance unanimously approved the Asset Purchase Agreement and the transactions contemplated thereby, representatives of Raymond James & Associates, Inc. (“Raymond James”) rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion to the Board, dated December 13, 2015, as to the fairness, as of such date, from a financial point of view, of the consideration to be received by the Company in the Asset Sale pursuant to the Asset Purchase Agreement (the “Consideration”), based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion. The full

text of the written opinion of Raymond James, dated December 13, 2015, which sets forth, among other things, the various qualifications, assumptions, and limitations on the scope of the review undertaken, is attached as *Annex B* to this Proxy Statement. **Raymond James provided its opinion for the information and assistance of the Board (solely in its capacity as such) in connection with, and for purposes of, its consideration of the Asset Sale and its opinion only addresses whether the Consideration was fair, from a financial point of view, to the Company. The opinion of Raymond James did not address any other term or aspect of the Asset Purchase Agreement or the Asset Sale contemplated thereby. The Raymond James opinion does not constitute a recommendation to the Board or any holder of the Company's common stock as to how the Board, such stockholder or any other person should vote or otherwise act with respect to the Asset Sale or any other matter.** Our Board encourages holders of our common stock to read the opinion carefully and in its entirety. See “Proposal No. 1: The Asset Sale—Opinion of Higher One’s Financial Advisor” for a more detailed description of the opinion of Raymond James, and *Annex B* for the full text of such opinion.

Indemnification of Buyer. From and after the closing of the Asset Sale, HOI will indemnify and hold Buyer harmless from and against any and all losses incurred or sustained by, or imposed upon, Buyer based upon, arising out of, with respect to or by reason of (i) any inaccuracy in or breach of any of the representations or warranties of HOI contained in the Asset Purchase Agreement, (ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by HOI pursuant to the Asset Purchase Agreement or (iii) any excluded asset or any excluded liability. See “Proposal No. 1: The Asset Sale—The Asset Purchase Agreement—Indemnification by HOI.”

Use of Proceeds. The proceeds from the Asset Sale will be received by the Company, not our stockholders. The Company will use a portion of the proceeds to pay for transaction costs associated with the Asset Sale and for general working capital purposes. The remaining proceeds from the Asset Sale may be used, at the discretion of our Board (subject, as the case may be, to the approval of our lenders), to repay indebtedness, provide liquidity to the Company's stockholders through one or more special dividends or repurchases of outstanding shares of the Company's common stock, invest in our Other Businesses, or a combination thereof.

Nature of Our Business Following the Asset Sale. Following the Asset Sale, we will continue to be a public company operating under the name Higher One Holdings, Inc., and our Other Businesses will account for all of our revenues. See "Proposal No. 1: The Asset Sale—Activities of Higher One Following the Asset Sale."

Conditions to the Asset Sale. Completion of the Asset Sale requires (1) the approval of our stockholders, (2) obtaining certain third party consents and (3) completion of other customary closing conditions in the Asset Purchase Agreement. See "Proposal No. 1: The Asset Sale—The Asset Purchase Agreement—Closing Conditions."

Termination of the Asset Purchase Agreement. The Asset Purchase Agreement may be terminated by us or Buyer in certain circumstances, in which case the Asset Sale will not be completed. If the Asset Purchase Agreement is terminated due to a failure of our stockholders to approve the Asset Sale Proposal and a Seller Acquisition Proposal (as defined herein) was publicly disclosed or announced before the Special Meeting, we will be required to reimburse Buyer for certain fees and expenses not to exceed \$500,000. If we terminate the Asset Purchase Agreement as a result of a Seller Subsequent Determination (as defined herein) prior to the Special Meeting, or if Buyer terminates the Asset Purchase Agreement as a result of a Seller Subsequent Determination or the decision by Higher One to pursue a Superior Proposal (as defined herein), then we must pay Buyer a \$1,500,000 termination fee. See "Proposal No. 1: The Asset Sale—The Asset Purchase Agreement—Termination of the Asset Purchase Agreement" and "—Termination Fees."

U.S. Federal Income Tax Consequences. Our U.S. stockholders will not realize any gain or loss for U.S. federal income tax purposes as a result of the Asset Sale. See "Proposal No. 1: The Asset Sale—U.S. Federal Income Tax Consequences of the Asset Sale."

Risk Factors. The Asset Sale involves a number of risks, including:

- o The announcement and pendency of the Asset Sale, whether or not consummated, may adversely affect our business.

- o We cannot be sure if or when the Asset Sale will be completed.

- o We cannot predict the timing, amount or nature of any distributions to our stockholders.

o If we do not complete the Asset Sale, we cannot be sure that we will receive the cooperation of Buyer should we attempt to sell the Business to another purchaser.

o One of our executive officers may have interests in the Asset Sale other than, or in addition to, the interests of our stockholders generally.

o Because the Business represented approximately 58% of our total revenues for fiscal year 2014, our business following the Asset Sale will be substantially different.

o If the Asset Sale disrupts our business operations and prevents us from realizing intended benefits, our business may be harmed.

o The Asset Sale may not be completed or may be delayed if the conditions to closing are not satisfied or waived.

o If we fail to complete the Asset Sale, our business may be harmed.

o The Asset Purchase Agreement limits our ability to pursue alternatives to the Asset Sale.

o We may not participate in a superior offer for the Business unless we pay a termination fee to Buyer.

Because our business will be smaller following the sale of the Business, there is a possibility that our common stock may be delisted from the New York Stock Exchange if we fail to satisfy the continued listing standards of that market.

We will continue to incur the expenses of complying with public company reporting requirements following the closing of the Asset Sale.

See “Risk Factors.”

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE PROPOSALS

The following are some questions that you, as a stockholder of the Company, may have regarding the Special Meeting and the Proposals and brief answers to such questions. We urge you to carefully read this entire Proxy Statement, the annexes to this Proxy Statement and the documents referred to or incorporated by reference in this Proxy Statement.