

TIDEL TECHNOLOGIES INC  
Form PRER14A  
August 02, 2006

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**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. 2)

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 Rule 14a-12

**TIDEL TECHNOLOGIES, INC.**  
(Name of Registrant as Specified in Its Charter)

NOT APPLICABLE  
(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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(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):

The purchase price payable under the asset sale consists of a cash payment of \$17.5 million, subject to certain adjustments. Solely for purposes of calculating the amount of the filing fee, the registrant estimates a purchase price of approximately \$18.1 million. The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals \$107 per each \$1,000,000 of the value of the transaction.

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(4) Proposed maximum aggregate value of transaction:

\$18,100,000

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(5) Total fee paid: \$1,936.70

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Fee paid previously with preliminary materials:

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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.

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(1) Amount previously paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**PRELIMINARY COPY SUBJECT TO COMPLETION  
DATED AUGUST 2, 2006**

**Tidel Technologies, Inc.  
2900 Wilcrest Drive, Suite 105  
Houston, Texas 77042  
\_\_\_\_\_, 2006**

To our stockholders:

You are cordially invited to attend a special meeting of stockholders of Tidel Technologies, Inc. to be held at \_\_\_\_\_ on \_\_\_\_\_, 2006 at 10:00 a.m., local time. At this meeting, we intend to seek stockholder approval of the sale of substantially all of the assets of our electronic cash security business to Sentinel Operating, L.P. and to change our name from "Tidel Technologies, Inc." to "Secure Alliance Holdings Corporation" (or, if that name is unavailable, to "Sentry Group Holdings Corporation.").

**Our board of directors (with interested directors abstaining) has unanimously approved all of the proposals described in the proxy statement and is recommending that stockholders also approve them.**

Please review in detail the attached proxy statement for a more complete statement regarding the proposal to approve the asset sale (proposal 1 in the proxy statement), including a description of the amended and restated asset purchase agreement, the background of the decision to enter into the amended and restated asset purchase agreement, the reasons that our board of directors has decided to recommend that you approve the asset sale and the section beginning on page 22 titled "Special Factors" describing special factors relating to the asset sale.

Your vote is very important to us, regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please vote as soon as possible to make sure your shares are represented at the meeting.

On behalf of our board of directors, I thank you for your support and urge you to vote "FOR" each of the proposals described in the proxy statement.

By Order of the Board of  
Directors,

Leonard Carr  
*Secretary*

Houston, Texas August \_\_, 2006

The notice and proxy statement are first being mailed to our stockholders on or about August \_\_, 2006.

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**Tidel Technologies, Inc.**  
**2900 Wilcrest Drive, Suite 105**  
**Houston, Texas 77042**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON \_\_\_\_\_, 2006

To our stockholders:

A special meeting of stockholders of Tidel Technologies, Inc. will be held at \_\_\_\_\_ on \_\_\_\_\_, 2006 at 10:00 a.m., local time. At this meeting you will be asked:

1. To consider and to vote on a proposal to approve the sale of substantially all of the assets of our electronic cash security business, consisting of (a) timed access cash controllers, (b) the Sentinel products, (c) the servicing, maintenance and repair of the timed access cash controllers or Sentinel products and (d) all other assets and business operations associated with the foregoing, pursuant to the amended and restated asset purchase agreement attached as Annex A to the proxy statement;
2. To consider and to vote on a proposal to file a certificate of amendment to our certificate of incorporation to change our name from "Tidel Technologies, Inc." to "Secure Alliance Holdings Corporation" (or, if that name is unavailable, to "Sentry Group Holdings Corporation");
3. To approve adjournments of the special meeting if deemed necessary to facilitate the approval of the sale of substantially all of the assets of our cash security business and the name change amendment to our certificate of incorporation, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the special meeting to establish a quorum or to approve the sale of our cash security business or the name change amendment to our certificate of incorporation; and
4. To transact such other business as may properly be brought before the special meeting or any adjournment or postponement thereof.

The independent committee of our board of directors, which is comprised solely of directors who have no economic or other interest in the purchaser under the amended and restated asset purchase agreement, unanimously found that the amended and restated asset purchase agreement, the asset sale and related transactions were advisable and fair to and in the best interests of us and our unaffiliated stockholders, and recommended to the board of directors the approval and adoption of the asset purchase agreement. **Our board of directors (with interested directors abstaining) has unanimously approved, and recommends that an affirmative vote be cast in favor, of each of the proposals listed on the proxy card and described in the enclosed proxy statement.**

Only holders of record of our common stock at the close of business on August 7, 2006, will be entitled to notice of and to vote at the special meeting or any adjournment thereof.

You are urged to review carefully the information contained in the enclosed proxy statement prior to deciding how to vote your shares at the special meeting.

Because of the significance of the sale of our electronic cash security business, your participation in the special meeting, in person or by proxy, is especially important. We hope you will be able to attend the special meeting.

Whether or not you plan to attend the special meeting, please complete, sign, date, and return the enclosed proxy card promptly.

If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Simply attending the special meeting, however, will not revoke your proxy; you must vote at the special meeting. If you do not attend the special meeting, you may still revoke your proxy at any time prior to the special meeting by providing a later dated proxy or by providing written notice of your revocation to our company's Secretary. Your prompt cooperation will be greatly appreciated.

The notice and proxy statement are first being mailed to stockholders on or about August \_\_\_\_, 2006.

Please follow the voting instructions on the enclosed proxy card to vote either by mail, telephone or electronically by the Internet.

By Order of the Board of Directors,

Leonard Carr  
*Secretary*

Houston, Texas

August \_\_\_\_, 2006

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