

CAREGUIDE INC
Form DEF 14A
April 30, 2007
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant [X]
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))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to § 240.14a-12

CAREGUIDE, 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)

- [X] 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):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

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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.

6. Amount Previously Paid:

7. Form, Schedule or Registration Statement No.:

8. Filing Party:

9. Date Filed:

CAREGUIDE, INC.

4401 N.W. 124th Avenue

Coral Springs, FL 33065

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 13, 2007

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of CareGuide, Inc., a Delaware corporation (the Company). The meeting will be held on Wednesday, June 13, 2007 at 2:00 p.m. local time at the offices of Essex Woodlands Health Ventures, located at 717 Fifth Avenue, 14th Floor, Suite B, New York, NY 10022, for the following purposes:

1. To elect seven (7) directors to serve for the ensuing year and until their successors are elected.
2. To approve the Company's 2007 Equity Incentive Plan.
3. To approve an amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of common stock from 80,000,000 to 100,000,000 shares.
4. To ratify the selection by the Audit Committee of the Board of Directors of McGladrey & Pullen LLP as independent auditors of the Company for its fiscal year ending December 31, 2007.
5. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is April 30, 2007. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

Kim Braxl

Secretary

Coral Springs, Florida

May 4, 2007

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

2.

CAREGUIDE, INC.

4401 N.W. 124th Avenue

Coral Springs, FL 33065

PROXY STATEMENT

FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS

June 13, 2007

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors of CareGuide, Inc. (sometimes referred to as the Company or CareGuide) is soliciting your proxy to vote at the 2007 Annual Meeting of Stockholders. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

The Company intends to mail this proxy statement and accompanying proxy card on or about May 4, 2007 to all stockholders of record entitled to vote at the annual meeting.

Who can vote at the annual meeting?

Only stockholders of record at the close of business on April 30, 2007 will be entitled to vote at the annual meeting. On this record date, there were 67,538,976 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on April 30, 2007 your shares were registered directly in your name with CareGuide's transfer agent, Continental Stock Transfer & Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on April 30, 2007 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are four matters scheduled for a vote:

Election of seven (7) directors;

Approval of the Company's 2007 Equity Incentive Plan;

Approval of proposed amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of common stock from 80,000,000 to 100,000,000 shares; and

3.

Ratification of McGladrey & Pullen LLP as independent auditors of the Company for its fiscal year ending December 31, 2007.

How do I vote?

You may either vote For all the nominees to the Board of Directors or you may Withhold your vote for any nominee you specify. For each of the other matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the annual meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the annual meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from CareGuide. Simply complete and mail the proxy card to ensure that your vote is counted. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of April 30, 2007.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted For the election of all seven nominees for director, For approval of the 2007 Equity Incentive Plan, For the amendment to the Company's Certificate of Incorporation and For the ratification of McGladrey & Pullen LLP as the Company's independent public accountants for the year ended December 31, 2007. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may send a timely written notice that you are revoking your proxy to CareGuide's Secretary at 4401 N.W. 124th Avenue, Coral Springs, FL 33065.

You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are stockholder proposals due for next year's annual meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by January 5, 2008, to the Company's corporate secretary, at 4401 N.W. 124th Avenue, Coral Springs, FL 33065. If you wish to submit a proposal that is not to be included in next year's proxy materials or nominate a director, you must do so by March 20, 2008.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Withhold and, with respect to proposals other than the election of directors, Against votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as Against votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal except Proposal 3. For Proposal 3, broker non-votes will have the same effect as Against votes.

What are broker non-votes ?

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Under the rules and interpretations of the New York Stock Exchange (NYSE), non-routine matters are generally those involving a contest or a matter that may substantially affect the rights or privileges of stockholders, such as mergers or stockholder proposals.

How many votes are needed to approve each proposal?

For the election of directors, the seven nominees receiving the most For votes (from the holders of votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes For or Withheld will affect the outcome. To be approved, Proposal No. 2 must receive For votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect. To be approved, Proposal No. 3 must receive For votes from the holders of a majority of the outstanding shares either in person or by proxy. If you do not vote, or Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have the same effect as Against votes.

To be approved, Proposal No. 4 must receive For votes from the holders of a majority of shares present and entitled to vote either in person or by proxy. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares are present at the meeting in person or represented by proxy. On the record date, there were 67,538,976 shares outstanding and entitled to vote.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in the Company's quarterly report on Form 10-Q for the second quarter of 2007.

PROPOSAL 1

ELECTION OF DIRECTORS

CareGuide’s Board of Directors consists of seven directors. There are seven nominees for director this year. Each director to be elected will hold office until the next annual meeting of stockholders and until his or her successor is elected, or, if sooner, until the director’s death, resignation or removal. Each of Mr. Pappajohn and Dr. Schaffer is currently a director of the Company who was previously elected by the stockholders of the Company. Each of Dr. Waxman and Messrs. Pacala and Lubin is currently a director of the Company and became directors of the Company in connection with the merger between the Company and CCS Consolidated, Inc. in January 2006. Mr. Stapleton is currently a director of the Company and was elected by the Board of Directors in August 2006. Dr. Barber is currently a director of the Company and was elected by the Board of Directors in December 2006. Each of the nominees has been recommended for election by the full Board of Directors. It is the Company’s policy to encourage but not require nominees for directors to attend the Annual Meeting. The Company did not hold an annual meeting of stockholders in 2006.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The seven nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the seven nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by CareGuide’s management. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

NOMINEES

The following is a brief biography of each nominee for director. There are no familial relationships among our directors or executive officers.

NAME	AGE	PRINCIPAL OCCUPATION/ POSITION HELD WITH THE COMPANY
Dr. Albert S. Waxman	66	Chairman of the Board of Directors and Senior Managing Member, Psilos Group
Mr. John Pappajohn	78	President, Equity Dynamics, Inc.
Dr. Derace L. Schaffer	59	Physician and Chief Executive Officer, The Lan Group
Mr. Mark L. Pacala	51	Managing Director, Essex Woodlands Health Ventures
Mr. Daniel C. Lubin	47	Managing Member, Radius Ventures
Mr. William C. Stapleton	42	Chief Executive Officer, Healthplanone
Dr. Michael Barber	58	Physician and Healthcare Consultant

Albert S. Waxman, Ph.D. Dr. Waxman became a member of our board of directors in January 2006 and also serves as our Chairman. He is a co-founder and senior managing member of Psilos Group Managers, LLC, a venture capital firm specializing in healthcare and medical technology investments since 1998. Prior to co-founding Psilos Group Managers, LLC, Dr. Waxman was, from 1993 to 1998, chairman and chief executive officer of Merit Behavioral Care Corporation, a healthcare company, and its predecessor companies, American Biodyne and Medco Behavioral Care, a subsidiary of Merck & Co., until its acquisition by Magellan Health Services in February 1998. Prior to American Biodyne, Dr. Waxman founded and served as President, Chairman and Chief Executive Officer of Diasonics, Inc. He holds several U.S. and foreign patents for display, imaging and diagnostic technologies and products. Dr. Waxman serves on the board of directors of Orthometrix, Inc. and is a director of several Psilos portfolio companies, including Comprehensive NeuroScience, HealthEdge Software, and Health Hero Network. Dr. Waxman received a B.S.E.E. degree from City College of New York and M.A. and Ph.D. degrees from Princeton University. He serves on the Advisor Council of Princeton University’s School of Engineering and Applied Sciences.

John Pappajohn. Mr. Pappajohn has been a director since our inception in February 1995 and served as our Secretary and Treasurer from inception through May 1995. Since 1969, Mr. Pappajohn has been the sole owner of Pappajohn Capital Resources, a venture capital firm, and President of Equity Dynamics, Inc., a financial consulting firm, both located in Des Moines, Iowa. He also serves as a director for the following public companies: Healthcare Acquisition Corporation, American Caresource Holdings, Inc., Allion Healthcare, Inc., MC Informatics, Inc. and Pace Health Management Systems, Inc. He also serves as Chairman for Healthcare Acquisition Corporation.

Derace L. Schaffer, M.D. Dr. Schaffer has been a director since our inception in February 1995 and served as Chairman of our Board of Directors until November 2004. Dr. Schaffer is the founder and CEO of the Lan Group, a venture capital firm specializing in healthcare and high technology investments which position he has held for more than the last five years. He also serves as a director for the following public companies: Healthcare Acquisition Corporation, American Caresource Holdings, Inc. and Allion Healthcare, Inc. He received his postgraduate radiology training at Harvard Medical School and Massachusetts General Hospital, where he served as Chief Resident. Dr. Schaffer is Clinical Professor of Radiology at the Cornell Medical School.

Mark L. Pacala. Mr. Pacala became a member of our board of directors in January 2006. He has over 20 years of operational and general management experience in services, technology and healthcare companies. He has been a Managing Director of Essex Woodlands Health Ventures since January 2004 and was a Venture Partner of Essex Woodlands Health Ventures from April 2002 to December 2003. From October 2001 to January 2003, Mr. Pacala was self-employed as a venture capital consultant. He served as Chief Executive Officer of American WholeHealth, Inc., an integrative health network company that combines conventional medicine, alternative medicine, nutrition and wellness, from September 1996 to September 2001. Prior to American WholeHealth, he served as Chief Executive Officer of Forum Group, a public senior housing and healthcare company with revenues in excess of \$200 million, which was later sold to Marriott Corporation. From 1989 to 1994, Mr. Pacala was a Senior Vice President and General Manager at The Walt Disney Company, and he served as Director of Corporate Planning and Vice President of Operations at Marriott Corporation from 1984 to 1989. He began his career as a banker in 1977 at Manufacturers Hanover Trust Co. and transitioned to strategic planning in healthcare at Booz, Allen and Hamilton. Mr. Pacala currently serves on the board of directors of Health Grades, Inc., a provider of proprietary healthcare provider ratings and advisory services. He received a B.A. degree from Hamilton College where he graduated magna cum laude and Phi Beta Kappa, and later received an MBA degree from Harvard Business School, where he graduated with distinction.

Daniel C. Lubin. Mr. Lubin became a member of our board of directors in January 2006. Mr. Lubin has been a managing member of Radius Ventures, LLC, a New York City venture capital firm, since 1997. From 1994 to 1997, Mr. Lubin was a director in the Investment Banking Division of Schroder Wertheim & Co., where he shared responsibility for managing the firm's Health Care Group. In 1991, Mr. Lubin co-founded and was a managing director of KBL Healthcare Inc., a health and life sciences venture capital and investment banking organization, and served as president and chief operating officer of KBL Healthcare Acquisition Corp., a publicly-traded strategic acquisition fund. His prior affiliations include Manufacturers Hanover Trust, and the Center for Strategic and International Studies, where he served as Special Assistant to the Chairman. He was a founder of Cambridge Heart, Inc., a healthcare company engaged in the research, development and commercialization of products for the non-invasive diagnosis of cardiac disease. Mr. Lubin currently serves on the board of directors of BioLok International Inc., and EyeTel Imaging, Inc., each portfolio companies of Radius Ventures, LLC. He also serves on the Board of Trustees for The Haverford School. He earned a BS cum laude in Foreign Service from the Georgetown University School of Foreign Service and an MBA with honors from Harvard Business School.

William C. Stapleton. Mr. Stapleton became a member of our board of directors in August 2006. In October 2005 Mr. Stapleton founded and has been serving as the Chief Executive Officer of Healthplanone, LLC, a web-based health insurance brokerage focused on marketing individual and family health insurance and small business health insurance. From August 2003 to June 2005, Mr. Stapleton was Commercial Products and Underwriting Officer of Health Net, Inc., a managed healthcare company, where he was responsible for product development and the Medicaid units for a regional managed care division. From October 2001 to June 2003, he was a founder and principal of Assured Remit, LLC, a healthcare consulting company. He served as Chief Financial Officer of CCN Managed Care, Inc., a managed healthcare company that was a subsidiary of HCA, Inc., from January 1999 to September 2001. Prior to CCN, Mr. Stapleton was with Oxford Health Plans, Inc., where he was Regional Chief Financial Officer from July 1997 to March 1998 and Regional General Manager from April 1998 to January 1999.

From August 1993 to June 1997, Mr. Stapleton was Chief Financial Officer of Health Partners, Inc., a physical practice management company. Mr. Stapleton began his career in 1986 and earned his CPA with the accounting firm KPMG Peat Marwick. He previously served as a director and as chairman of the audit committee of America Service Group, a leading provider of correctional healthcare services, from June 2002 to June 2004. Mr. Stapleton received a B.A. degree in economics and accounting from Holy Cross College and later received an MBA degree from Harvard Business School.

Michael Barber, M.D. Dr. Barber joined our board of directors in December 2006. In July 2006, Dr. Barber founded and since July 2006 has been serving as the chief executive officer of The Advanced Practice Institute, a health care consulting company specializing in the implementation of technology and advanced practice techniques into medical practice, hospital/physician business development and collaboration strategies and organizational development. From February 2003 to May 2006, Dr. Barber served as the chief executive officer and chief operating officer of Group Health Associates, where he was responsible for reorganizing the leadership team and moving the group from a pre-paid medical group model to a fee-for-service business model. From November 2001 to February 2003, he was a healthcare consultant for The Scheller Bradford Group. From November 1999 to November 2001, Dr. Barber served in executive roles with Haelan Corporation, a health improvement solutions company based in Indianapolis, Indiana, and served on Haelan's board of directors from November 1999 to December 2006. He was chief executive officer of Momentum Health Solutions, a new venture associated with a long-term care managed care company, from January 1998 to November 1999. From 1991 to 1997, Dr. Barber was with ChoiceCare, where he served in a series of executive roles, including vice president of clinical services, senior medical director, executive vice president and chief medical officer. From 1976 to 1990, Dr. Barber was a staff physician and the president of The Fairfield Group, a family medical practice, and was associate clinical professor of family practice at the University of Cincinnati from 1981 to 1990. Dr. Barber received his B.A. degree from Indiana University, where he was elected to Phi Beta Kappa. He received his M.D. from the Indiana University School of Medicine. He is a licensed physician, is certified by the American Board of Medical Management and is a member of the American College of Physician Executives and the American Academy of Family Practice. He also serves on the boards of directors of Beech Acres Parenting Center and Episcopal Retirement Homes of Ohio.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF EACH NAMED NOMINEE.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

INDEPENDENCE OF THE BOARD OF DIRECTORS

After review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board has affirmatively determined that each of its directors are independent directors within the meaning of the listing standards of the NASDAQ Stock Market (NASDAQ). In making this determination, the Board found that none of these directors had a material or other disqualifying relationship with the Company.

In determining the independence of Dr. Waxman, Mr. Pacala and Mr. Lubin, the Board took into account the guarantees of the Company's obligations under its bank facility by the venture capital funds with which these directors are associated. In addition, with respect to Dr. Waxman, the Board took into account a potential success fee payment of up to \$500,000 worth of the Company's common stock to Psilos Group, an entity of which Dr. Waxman is a senior managing partner. This success fee arrangement was agreed to with Dr. Waxman as partial compensation to Dr. Waxman for his service to CCS Consolidated as interim chief executive officer of that company from April 1, 2004 to January 31, 2005.

As to Dr. Barber, the Board took into account a convertible promissory note in the principal amount of \$848,103 that was issued by the Company to Dr. Barber in connection with the acquisition of Haelan Corporation in December 2006. This promissory note was issued to Dr. Barber solely in his capacity as a shareholder of the acquired company.

The Board does not believe that any of these transactions would interfere with the identified directors' exercise of independent judgment in carrying out their responsibilities as directors of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

During the year ended December 31, 2006, the Company changed its fiscal year end from March 31 to December 31. The Board of Directors met nine times during the period from April 1, 2006 to December 31, 2006. Each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he served, held during the period for which he was a director or committee member.

INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS

The Board has three committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for the period from April 1, 2006 to December 31, 2006 for each of the Board committees:

Name	Audit	Compensation	Nominating and Corporate Governance
Mr. John Pappajohn	X	X	X
Dr. Derace L. Schaffer	X	X	X
Dr. Albert S. Waxman		X*	X*
Mr. Mark L. Pacala			X
Mr. Daniel C. Lubin	X		X
Mr. William C. Stapleton	X*		
Dr. Michael J. Barber			
Total meetings from April 1, 2006 to December 31, 2006	5	0	0
* Committee Chairperson			

Below is a description of each committee of the Board of Directors. Each of the committees has authority to engage legal counsel or other experts or consultants, as it deems appropriate to carry out its responsibilities. The Board of Directors has determined that each member of each committee meets the applicable NASDAQ rules and regulations regarding independence and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee of the Board of Directors was established by the Board in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines and approves the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Company's audit engagement team as required by law; review and approves or rejects transactions between the company and any related persons; confers with management and the independent auditors regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and meets to review the company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the Company's disclosures under Management's Discussion and

Analysis of Financial Condition and Results of Operations. The Audit Committee has authority to engage legal counsel or other experts or consultants, as it deems appropriate, to carry out its responsibilities.

During the last fiscal year that began on April 1, 2006, the Audit Committee consisted of John Pappajohn, Derace Schaffer and Daniel Lubin. William Stapleton joined the Board of Directors in August 2006 and was appointed as the chairman of the Audit Committee at that time. The Audit Committee met five times during the period from April 1, 2006 to December 31, 2006. The Audit Committee has adopted a written charter that is available to stockholders on the Company's website at <http://www.careguide.com>.

The Board of Directors reviews the NASDAQ listing standards definition of independence for Audit Committee members on an annual basis and has determined that all members of the Company's Audit Committee are independent (as independence is currently defined in Rule 4350(d)(2)(A)(i) and (ii) of the NASDAQ listing standards). Despite the fact that Mr. Pappajohn's beneficially owns in excess of 10% of the Company common stock, the Board has determined that Mr. Pappajohn is independent in that he does not have a current relationship with the Company that would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. The Board of Directors has also determined that Mr. Stapleton qualifies as an audit committee financial expert, as defined in applicable SEC rules. The Board made a qualitative assessment of Mr. Stapleton's level of knowledge and experience based on a number of factors, including his formal education and experience as a certified public accountant and past service as chief financial officer of a number of private companies and chairman of the audit committee for a public reporting company.

Report of the Audit Committee of the Board of Directors (1)

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2006 with management of the Company. The Audit Committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent accountants required by the Independence Standards Board Standard No. 1, (*Independence Discussions with Audit Committees*), as adopted by the PCAOB in Rule 3600T and has discussed with the independent accountants the independent accountant's independence. Based on the foregoing, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the Company's transition report on Form 10-KSB for the period from April 1, 2006 to December 31, 2006.

Mr. William C. Stapleton

Mr. John Pappajohn

Dr. Derace L. Schaffer

Mr. Daniel C. Lubin

(1) The material in this Report of the Audit Committee is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Compensation Committee

The Compensation Committee is composed of three directors: Messrs. Waxman, Pappajohn and Schaffer. All members of the Company's Compensation Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the NASDAQ listing standards). The current Compensation Committee was constituted following the merger of the Company with CCS Consolidated, and the committee did not separately meeting during the period from April 1, 2006 to December 31, 2006. The Compensation Committee has adopted a written charter that is available to stockholders on the Company's website at <http://www.careguide.com>.

11.

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The Compensation Committee of the Board of Directors is authorized to act on behalf of the Board to review, recommend for adoption and oversee the Company's compensation strategy, policies, plans and programs, including:

establishment of corporate and individual performance objectives relevant to the compensation of the Company's executive officers and other senior management and evaluation of performance in light of these stated objectives;

review and recommendation to the Board for approval of the compensation and other terms of employment or service, including severance and change-in-control arrangements, of the Company's Chief Executive Officer and the other executive officers; and

administration of the Company's equity compensation plans.

The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company, as well as authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. The committee did not engage an outside compensation consultant in 2006.

In the case of executive compensation, the executive's compensation has been fixed on an annual basis in the executive's employment agreement, where the bonus is within the discretion of the Board of Directors and any equity-based compensation occurs sporadically rather than on an annual basis. The compensation of the Company's chief executive officer was recommended and approved by the Company's board of directors at the time of the PATY Merger. The compensation of the Company's other officers are approved by the Board of Directors after recommendation of the chief executive officer, which recommendation may be approved or rejected in the Board's sole discretion.

In the case of director compensation, except for Mr. Stapleton and Dr. Barber, directors are not paid a retainer or compensated for attendance at Board or committee meetings. Each of Mr. Stapleton and Dr. Barber were issued a warrant to purchase 100,000 shares of the Company's common stock in connection with their service as a director of the Company, which warrants vest over four years of service. In addition, these directors currently receive an \$8,000 annual retainer, payable in quarterly installments, for their service as directors.

In other words, the Company believes that the structure of its executive and director compensation has been fairly simple. For this reason, it has been the view of the Board of Directors that, while it had a standing Compensation Committee during the fiscal year ended December 31, 2006, decisions with respect to the compensation of executives and directors of the Company were made or ratified by the full Board. In the event that the stockholders of the Company approve the 2007 Equity Incentive Plan referenced in this proxy statement, the Board may authorize the Compensation Committee to oversee the administration of that plan.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for identifying, reviewing and evaluating candidates to serve as directors of the Company (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors, recommending to the Board for selection candidates for election to the Board of Directors, making recommendations to the Board regarding the membership of the committees of the Board, assessing the performance of the Board, and developing a set of corporate governance principles

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for the Company. The Nominating and Corporate Governance Committee is composed of five directors: Messrs. Waxman, Pacala, Lubin, Pappajohn and Schaffer. These directors comprised the full Board of Directors of the Company upon the closing of the PATY Merger. All members of the Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the NASDAQ listing standards). The Nominating and Corporate Governance Committee did not separately meet during the period

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from April 1, 2006, as each of the Company's directors then in office participated in the consideration of Mr. Stapleton and Dr. Barber as director nominees. As part of the Company's acquisition of Haelan in December 2006, the Company committed to elect one of the former directors of Haelan to the Company's Board of Directors upon the closing of the transaction. The Board unanimously approved the selection of Dr. Barber as the Haelan director. The Nominating and Corporate Governance Committee has adopted a written charter that is available to stockholders on the Company's website at <http://www.careguide.com>.

Despite the constitution of a separate Nominating and Corporate Governance Committee, the Board is primarily responsible for selecting nominees for election as directors. The Company currently believes that the Board is able to fully consider and select appropriate nominees for election to the Board without delegating that responsibility to a committee of independent directors or adopting formal procedures. Candidates have traditionally been recommended to the Board by one of the sitting directors. Candidates recommended by stockholders will be evaluated in the same manner as candidates recommended by others, although the Board may prefer candidates of good repute who are personally known to directors.

The process followed by the Board to identify and evaluate candidates includes (a) meetings to evaluate biographical information and background material relating to candidates and (b) interviews of selected candidates by members of the Board. Recommendations by the Board of candidates for inclusion in the Board slate of director nominees are based upon criteria such as business experience and skills, distinction in their activities, judgment, integrity, the ability to commit sufficient time and attention to the Board's activities and the absence of potential conflicts with the Company's interests. The Board also considers any other relevant factors that it may from time to time deem appropriate, including the current composition of the Board, the need for Audit Committee expertise and the evaluation of all prospective nominees. However, the Board retains the right to modify these qualifications from time to time. In the case of new director candidates, the Board also determines whether the nominee is independent for NASDAQ purposes, which determination is based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Board generally uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Board meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the Board by majority vote.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Historically, the Company has not provided a formal process related to stockholder communications with the Board. Nevertheless, every effort has been made to ensure that the views of stockholders are heard by the Board or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. We believe our responsiveness to stockholder communications to the Board has been excellent. Nevertheless, during the upcoming year the Board intends to give consideration to the adoption of a formal process for stockholder communications with the Board and, if adopted, publish it promptly and post it to the Company's website.

CODE OF ETHICS

In August 2006, the Company's Board of Directors adopted the CareGuide, Inc. Code of Business Conduct and Ethics that applies to all officers, directors and employees. The Code of Business Conduct and Ethics is available on our corporate website at <http://www.careguide.com>. If the Company makes any substantive amendments to the Code of Business Conduct and Ethics or grants any waiver from a provision of the Code to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website.