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LIQUID AUDIO INC  
Form DFAN14A  
June 13, 2002

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

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 [X]

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.

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LIQUID AUDIO, INC.  
(Name of Registrant as Specified in Its Charter)

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MUSICMAKER.COM, INC.,  
JEWELCOR MANAGEMENT, INC., BARINGTON COMPANIES EQUITY PARTNERS, L.P., RAMIUS  
SECURITIES, LLC, DOMROSE SONS PARTNERSHIP,  
JAMES A. MITAROTONDA and SEYMOUR HOLTZMAN  
(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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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:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.

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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.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

-2-

The following letter was sent today by the musicmaker.com group to management of Liquid Audio, Inc.;

musicmaker.com, Inc.  
c/o Barington Capital Group, L.P.  
888 Seventh Avenue  
17th Floor  
New York, New York 10019

VIA FACSIMILE (650) 549-2104  
AND FEDERAL EXPRESS  
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June 13, 2002

Gerald W. Kearby  
President and Chief Executive Officer  
Liquid Audio, Inc.  
800 Chesapeake Drive  
Redwood City, Ca 94063

Dear Mr. Kearby:

I would like to have said that I was shocked and dismayed by your proposed action to merge Liquid Audio with Alliance Entertainment Corp., but I have come to believe that the senior management and Board of Directors of the company are primarily interested in perpetuating their own positions, rather than in enhancing shareholder values.

In my opinion, the record industry is greatly troubled on all levels, and this "shotgun wedding" will only accelerate the losses. I sincerely hope that the company has not included a breakup fee in this proposed transaction, as that most certainly would be repugnant.

Both musicmaker.com, Inc. and the company have already incurred substantial costs in this proxy solicitation. Delaying the Annual Meeting will only cause both parties to incur additional needless expenses and waste significant time.

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The company should go forward with the July 1, 2002 Annual Meeting and let the shareholders vote on the director nominees. This vote will be a clear message as to whether or not the shareholders support your management. You very well know your large shareholders. Why not call them to see what type of support, or lack thereof, they would give you in this transaction?

As of 11:20 a.m. today, the stock price is down approximately 10% following your announcement. Isn't this tell tale?

Please call me if you wish to further discuss this matter.

Sincerely,

/s/ Seymour Holtzman

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Seymour Holtzman  
Chairman of the Board

P.S. Our phones are  
"ringing off the hook"  
with irate shareholders  
expressing their outrage.

cc: Board of Directors