

ARRHYTHMIA RESEARCH TECHNOLOGY INC /DE/  
Form DEF 14A  
April 13, 2007

To the Stockholders of Arrhythmia Research Technology, Inc.:

You are cordially invited to attend the Annual Meeting of Stockholders of Arrhythmia Research Technology, Inc. on Friday, May 11, 2007. The Annual Meeting will begin at 10:00 a.m. local time at the Chocksett Inn, 59 Laurelwood Road, Sterling, Massachusetts.

Information regarding each of the matters to be voted on at the Annual Meeting is contained in the attached Proxy Statement and Notice of Annual Meeting of Stockholders. We urge you to read the enclosed Proxy Statement carefully. Because it is important that your shares be voted at the Annual Meeting, we urge you to complete, date and sign the enclosed proxy card and return it as promptly as possible in the accompanying envelope, whether or not you plan to attend in person. If you are a stockholder of record and do attend the meeting and wish to vote your shares in person, even after returning your proxy, you still may do so.

We appreciate your continued support of and interest in Arrhythmia Research Technology, Inc. and are working hard to build a company that we are all proud to own.

We look forward to seeing you in Sterling on May 11, 2007.

Very truly yours,

By: /s/ E.P. Marinos  
E. P. Marinos  
Chairman of the Board

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**ARRHYTHMIA RESEARCH TECHNOLOGY, INC.**  
**25 Sawyer Passway**  
**Fitchburg, MA 01420**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be held Friday, May 11, 2007**

TO THE STOCKHOLDERS OF ARRHYTHMIA RESEARCH TECHNOLOGY, INC.:

NOTICE IS HEREBY GIVEN that the 2007 Annual Meeting of Stockholders of Arrhythmia Research Technology, Inc., a Delaware corporation (the "Company"), will be held at the Chocksett Inn, 59 Laurelwood Road, Sterling, Massachusetts, on Friday, May 11, 2007, at 10:00 a.m., local time, for the following purposes, as described in the accompanying Proxy Statement:

1. To elect one Class III director to hold office for three years and until his successor is duly elected and qualified.
2. To approve the amendment of the Arrhythmia Research Technology, Inc. 2001 Stock Option Plan to increase the number of shares of common stock available by 200,000 shares.
3. To ratify the appointment of Carlin, Charron & Rosen LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007.
4. To transact any other business which properly may be brought before the Annual Meeting or any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting of Stockholders. Only stockholders of record of the Company at the close of business on April 2, 2007 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. A complete list of these stockholders will be open for the examination of any stockholder of record at the Company's principal executive offices located at 25 Sawyer Passway, Fitchburg, Massachusetts for a period of ten days prior to the Annual Meeting. The list will also be available for the examination of any stockholder of record present at the Annual Meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.

By Order of the Board of Directors,  
ARRHYTHMIA RESEARCH TECHNOLOGY, INC.

/s/ E.P. Marinos

E. P. Marinos  
Secretary

Fitchburg, Massachusetts  
April 11, 2007

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**ARRHYTHMIA RESEARCH TECHNOLOGY, INC.**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**To be held May 11, 2007**

**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**WHY DID YOU SEND ME THIS PROXY STATEMENT?**

This proxy statement and the enclosed proxy card are furnished in connection with the solicitation of proxies by the Board of Directors of Arrhythmia Research Technology, Inc., a Delaware corporation (“**ART**” or the “**Company**”), for use at the Annual Meeting of ART stockholders to be held at the Chocksett Inn, 59 Laurelwood Road, Sterling, Massachusetts, on Friday, May 11, 2007 at 10:00 a.m., local time, and at any adjournments or postponements of the Annual Meeting. This proxy statement summarizes the information you need to make an informed vote on the proposals to be considered at the Annual Meeting. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card using the envelope provided.

**WHAT PROPOSALS WILL BE ADDRESSED AT THE ANNUAL MEETING?**

We will address the following proposals at the Annual Meeting:

1. The election of the nominee for Class III director identified below to serve for three years;
2. The approval of the amendment of the Arrhythmia Research Technology, Inc. 2001 Stock Option Plan to increase the number of shares of common stock available by 200,000 shares;
3. The ratification of the appointment of Carlin, Charron & Rosen LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007; and
4. Transaction of such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Our Board of Directors has taken unanimous affirmative action with respect to each of the foregoing proposals and recommends that the stockholders vote in favor of each of the proposals.

**WHO MAY VOTE ON THESE PROPOSALS?**

We will send this proxy statement, the attached Notice of Annual Meeting and the enclosed proxy card on or about April 11, 2007 to all stockholders of the Company. Stockholders who owned shares of ART voting stock at the close of business on April 2, 2007 (the “**Record Date**”) are entitled to vote at the Annual Meeting on all matters properly brought before the Annual Meeting.

On the Record Date, the Company had 2,711,680 shares of issued and outstanding common stock, par value \$0.01 per share (“**Common Stock**”).

**HOW MANY VOTES DO I HAVE?**

Each share of Common Stock is entitled to one vote on each matter presented at the Annual Meeting.

**WHY WOULD THE ANNUAL MEETING BE POSTPONED?**

The Annual Meeting will be postponed if a quorum is not present on May 11, 2007. The presence in person or by proxy of a majority of the voting power of outstanding shares of capital stock of the Company as of the Record Date will constitute a quorum and is required to transact business at the Annual Meeting. If a quorum is not present, the Annual Meeting may be adjourned until a quorum is obtained.

For purposes of determining whether the stockholders have approved matters other than the election of directors, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved that matter, but they are counted as present for the purpose of determining the existence of a quorum at the Annual Meeting.

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## **HOW DO I VOTE BY PROXY?**

Whether you plan to attend the Annual Meeting or not, we urge you to complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the Annual Meeting and vote in person.

If you properly fill in your proxy card and send it to us in time to vote, your proxy (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy will vote your shares as recommended by the Board of Directors as follows:

1. **FOR** the nominee for Class III director identified below;
2. **FOR** approval of the amendment of the 2001 Stock Option Plan to increase the shares of common stock available by 200,000 shares; and
3. **FOR** the ratification of the appointment of Carlin, Charron & Rosen LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007.

If any other matters are presented, your proxy will vote in accordance with his or her best judgment. At the time this proxy statement went to press, we knew of no matters that needed to be acted on at the Annual Meeting other than those discussed in this proxy statement.

## **HOW DO I VOTE IN PERSON?**

If you plan to attend the Annual Meeting and vote in person on May 11, 2007, or at a later date if the meeting is adjourned or postponed to a later date, we will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a power of attorney executed by the broker, bank or other nominee that owns the shares of record for your benefit and authorizing you to vote the shares.

## **MAY I REVOKE MY PROXY?**

If you give a proxy, you may revoke it at any time before it is exercised. You may revoke your proxy in three ways:

1. You may send in another proxy with a later date.
2. You may notify ART in writing (by you or your attorney authorized in writing, or if the stockholder is a corporation, under its corporate seal, by an officer or attorney of the corporation) at our principal executive offices before the Annual Meeting, that you are revoking your proxy.
3. You may vote in person at the Annual Meeting.

## **WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?**

**Proposal 1:** Election of Directors.

A plurality of the eligible votes cast is required to elect the director nominee. A nominee who receives a plurality means he has received more votes than any other nominee for the same director's seat.

**Proposal 2:** Approval of the amendment of the 2001 Stock Option Plan to increase the shares of common stock available by 200,000 shares.

The approval of Proposal 2, the amendment of the 2001 Stock Option Plan to increase the shares of common stock available by 200,000 shares requires the affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

**Proposal 3:** Ratification of independent registered public accounting firm.

The approval of Proposal 3, the ratification of the appointment of our independent registered public accounting firm, requires the affirmative vote of the majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

**ARE THERE ANY DISSENTERS' RIGHTS OF APPRAISAL?**

The Board of Directors is not proposing any action for which the laws of the State of Delaware, the Certificate of Incorporation or the By-Laws of ART provide a right of a stockholder to dissent and obtain appraisal of or payment for such stockholder's shares.

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**WHO BEARS THE COST OF SOLICITING PROXIES?**

ART will bear the cost of soliciting proxies in the accompanying form and will reimburse brokerage firms and others for expenses involved in forwarding proxy materials to beneficial owners or soliciting their execution.

**WHERE ARE ART'S PRINCIPAL EXECUTIVE OFFICES?**

The principal executive offices of ART are located at 25 Sawyer Passway, Fitchburg, Massachusetts and our telephone number is (978) 345-5000.

**HOW CAN I OBTAIN ADDITIONAL INFORMATION ABOUT ART?**

Copies of the Company’s 2006 Annual Report on Form 10-KSB are being sent to all stockholders along with this proxy statement. Additional copies will be furnished without charge to stockholders upon written request. Exhibits to the Form 10-KSB will be provided upon written request and payment of an appropriate fee. All written requests should be directed to Arrhythmia Research Technology, Inc., 25 Sawyer Passway, Fitchburg, Massachusetts 01420.

ART is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) which requires that ART file reports, proxy statements and other information with the Securities and Exchange Commission (“**SEC**”). The SEC maintains a website on the Internet that contains reports, proxy and information statements and other information regarding registrants, including ART, that file electronically with the SEC. The SEC's website address is <http://www.sec.gov>. In addition, ART's Exchange Act filings may be inspected and copied at the public reference facilities of the SEC located at Room 1580, 100 F Street, N.E., Washington, DC 20549; and at the SEC's regional offices at 233 Broadway, New York, NY 10279 and Citicorp Center, 500 West Madison Street, Room 1400, Chicago, IL 60661. Copies of the material may also be obtained upon request and payment of the appropriate fee from the Public Reference Section of the SEC located at Room 1580, 100 F Street, N.E., Washington, DC 20549.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

**AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Beneficial Owners of at Least Five Percent of our Common Stock**

The following table shows, as of the Record Date and to the best of our knowledge, all persons we know to be beneficial owners of five percent or more of the voting securities of the Company.

<u>Name and Address of Beneficial Owner</u>	<u>Common Stock</u>	
	<u>Beneficially Owned <sup>(1)</sup></u>	<u>Percent of Class <sup>(1)</sup></u>
Chambers Medical Foundation Edwin K. Hunter, Trustee 1807 Lake Street Lake Charles, LA 70601	276,268 <sup>(2)</sup>	10.2%
HealthInvest Global Long/Short Fund c/o HealthInvest Partners AB Arsenalsgatan 4 SE-111 47 Stockholm	247,250 <sup>(3)</sup>	9.3%



Sweden

- (1) Unless otherwise noted in these footnotes, the Company believes that all shares referenced in this table are owned of record by each person named as beneficial owner and that each person has sole voting and dispositive power with respect to the shares of Common Stock owned by each of them. In accordance with Rule 13d-3 under the Exchange Act, each person's percentage ownership is determined by assuming that the options that are held by that person, and which are exercisable within 60 days, have been exercised.
- (2) Based on information included in a Schedule 13D/A filed with the SEC on March 9, 2007 and a Form 4 filed with the SEC on April 5, 2007 by the Chambers Medical Foundation.
- (3) Based on information included in a Schedule 13G/A filed with the SEC by HealthInvest Global Long/Short Fund on February 12, 2007, pursuant to which it reported that HealthInvest Partners AB is the investment advisor and control person of the Fund.

**Security Ownership of Directors and Executive Officers**

The following table shows, as of the Record Date, the securities owned by each director and nominee, the Named Executive Officers as defined below, and by all of the present executive officers and directors as a group.

<u>Name and Address of Beneficial Owner</u>	<u>Common Stock Beneficially Owned<sup>(1)</sup></u>	<u>Percent of Class<sup>(1)</sup></u>
Julius Tabin, Ph.D.	116,824 <sup>(2)</sup>	4.3%
Paul F. Walter, M.D.	72,055 <sup>(2)</sup>	2.7%
E. P. Marinos	59,448 <sup>(2)</sup>	2.2%
Jason Chambers	38,549 <sup>(3)(5)</sup>	1.4%
James E. Rouse	23,000	*%
David A. Garrison	23,000 <sup>(4)</sup>	*%
All Executive Officers and Directors as a Group (6 Persons)	332,876	12.0%

<sup>(1)</sup> Unless otherwise noted in these footnotes, the Company believes that all shares referenced in this table are owned of record by each person named as beneficial owner and that each person has sole voting and dispositive power with respect to the shares of Common Stock owned by each of them. In accordance with Rule 13d-3 under the Exchange Act, each person's percentage ownership is determined by assuming that the options that are held by that person, and which are exercisable within 60 days, have been exercised. The address of all persons listed above is c/o Arrhythmia Research Technology, Inc., 25 Sawyer Passway, Fitchburg, MA 01420.

<sup>(2)</sup> Includes 10,000 shares issuable upon exercise of options.

<sup>(3)</sup> Excludes options to acquire 10,000 shares which are not exercisable.

<sup>(4)</sup> Represents 23,000 shares issuable upon exercise of options; excludes options to acquire 10,000 shares which are not exercisable.

<sup>(5)</sup> Includes 35,216 shares held in the EBC Charitable Remainder Trust, for which Mr. Chambers serves as trustee and as to which an immediate family member is beneficiary. Mr. Chambers disclaims beneficial ownership of the shares held by the EBC Charitable Remainder Trust.

**Interest of Directors and Executive Officers in the Matters to be Acted Upon**

Dr. Paul F. Walter has been nominated for re-election as a Class III director and therefore has an interest in the outcome of Proposal 1.

### **Section 16(a) Beneficial Ownership Reporting Requirements**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of any publicly traded class of our equity securities, to file reports of ownership and changes in ownership of equity securities of the Company with the SEC and the American Stock Exchange. Officers, directors, and greater-than-ten-percent stockholders are required by the SEC's regulations to furnish ART with copies of all Section 16(a) forms that they file.

Based solely upon a review of Forms 3 and Forms 4 furnished to ART during the most recent fiscal year, and Forms 5 with respect to its most recent fiscal year, we believe that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act were timely filed, as necessary, by the officers, directors, and security holders required to file the same during the fiscal year ended December 31, 2006, except that due to a typographical error The Chambers Medical Foundation inadvertently misreported one sale of 10 shares and due to an inadvertent reporting error from a brokerage firm Dr. Tabin incorrectly reported one 2004 transaction which he corrected in April of 2006.

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**INFORMATION ABOUT DIRECTORS AND EXECUTIVE OFFICERS****Directors and Executive Officers**

The directors and executive officers of the Company are as follows:

<u>Name</u>	<u>Age</u>	<u>Title</u>
E. P. Marinos	65	Chairman of the Board <sup>(1)</sup>
James E. Rouse	52	President, Chief Executive Officer and Director
David A. Garrison	38	Executive Vice President of Finance and Chief Financial Officer
Jason Chambers	29	Director <sup>(1)</sup>
Julius Tabin, Ph.D.	87	Director <sup>(1)</sup>
Paul F. Walter, M.D.	70	Director <sup>(1)</sup>

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<sup>(1)</sup> E. P. Marinos, Dr. Julius Tabin and Jason Chambers serve as members of the audit committee and, together with Dr. Paul F. Walter, serve as independent directors.

Set forth below are descriptions of the backgrounds of the executive officers and directors of the Company and their principal occupations for the past five years.

*E. P. Marinos.* Mr. Marinos has served as a director of the Company since 1994. Mr. Marinos has been Chief Executive Officer of AMT/EPM Associates, a consulting company, since June 1, 2001. Mr. Marinos was President and Chief Executive Officer of Midcoast Interstate Transmission, Inc. (MIT), an interstate pipeline company, from June 1997 until June 2001. He also became Corporate Vice President of Administration for Midcoast Energy Resources, Inc. (MRS), MIT's parent company, in June 1999 and President and Chief Executive Officer of Kansas Pipeline Co. in December 1999, a subsidiary of MRS, and held those positions until MRS was sold in June 2001. From March 1995 until June 1997, he was President and Chief Executive Officer of the Company. He is a graduate of Wayne State University (B.S. in Finance and Accounting, 1964) and a member of the AICPA. Mr. Marinos serves as Chairman of the Company's Board of Directors and Audit Committee.

*James E. Rouse.* Mr. Rouse was appointed President and Chief Executive Officer of the Company in October 2002 after serving in the capacity of President and Chief Operating Officer since October of 2001. Previously he had served as Vice President and General Manager of the Company from December 2000 to October 2001. Mr. Rouse has also served as President, Chief Executive Officer and Chief Operating Officer of the Company's subsidiary, Micron Products, since December 2000, Vice President and General Manager from July 2000 to December 2000 and Plant Operations Manager from December 1996 to July 2000. Prior to joining Micron Products Mr. Rouse held the position of Operations Manager from December 1995 to December 1996 for Jarvis Surgical, Inc., a manufacturer of medical

devices. He served in positions of Biomedical Product Manager and Director of Quality Assurance during his employment at KomTeK, Inc., a subsidiary of Kervick Enterprises, Inc., a manufacturer of close tolerance forgings and investment castings, from 1983 to 1995. He is a graduate of the University of Massachusetts (Amherst) (B.A. Political Science, 1977) and Worcester Polytechnic Institute, School of Industrial Management (1997).

*David A. Garrison.* Mr. Garrison was appointed Executive Vice President of Finance of the Company in December 2004 and has served as Chief Financial Officer since November 2002. He joined the Company as Corporate Controller in September of 2002 after nine years as Controller and Chief Financial Officer of H & R 1871, Inc., a privately held manufacturer of single-barrel shotguns. He is a graduate of Miami University (B.S. in Finance, 1990) and Boston University (Masters in Business Administration, 2001).

*Jason R. Chambers.* Mr. Chambers has served as a director of the Company since April 2006. Mr. Chambers has served as Chief Executive Officer of Life Water, LLC d/b/a Mountain Brook Water, a water bottling and distribution company, from June 14, 2002 to the present, and from August 2001 to the present has served as a consultant assisting The Chambers Medical Foundation, a private foundation, in assessing medical grant applications. The Foundation beneficially owns approximately 10.8% of the Company's outstanding common stock. In addition, Mr. Chambers served from July 2004 through December 2004 as Vice-President of Startbank Advisory Services, a middle market financial services company. Since 1999, Mr. Chambers has served as the President of Golden Blends, Inc., a wine distributor. Mr. Chambers holds a Bachelor of Science from Vanderbilt University School of Engineering and a Masters of Business Administration degree from Owen Graduate School of Management, Vanderbilt University with a concentration in finance and marketing. Mr. Chambers is also a Dana-Farber Cancer Institute Hematologic Oncology visiting committee member and a board member and treasurer of Global Health Action, a non-profit organization focused on providing health professionals with leadership, management and project planning training.

*Julius Tabin, Ph.D.* Dr. Tabin has served as a director of the Company since its founding in 1982. Prior to his retirement in June 2006, Dr. Tabin was a partner in the law firm of Fitch, Even, Tabin & Flannery. His practice focuses on client counseling, litigation, and licensing in the areas of patents, trademarks, copyrights, trade secrets, related contract, and antitrust law. He is a graduate of the University of Chicago (B.S., 1940; Ph.D. Physics, 1946) and Harvard Law School (LL.B., 1949).

*Paul F. Walter, M.D.* Dr. Walter has served as a director of the Company since its founding in 1982. Dr. Walter is an electrophysiologist and Professor of Medicine at Emory University where he has served on the faculty since 1980. He specializes in cardiology and internal medicine with a focus on arrhythmias, cardiovascular disease and the electrophysiology lab. He is a 1961 graduate of the University of Nebraska College of Medicine with graduate studies at the University of Michigan.

No director is related to any other director or executive officer of the Company or its subsidiaries, and there are no arrangements or understandings between a director and any other person pursuant to which such person was elected as director.

Each executive officer of ART is appointed by the Board of Directors and holds his office(s) at the pleasure and discretion of the Board.

There are no material proceedings to which any director, director nominee, executive officer or affiliate of ART, any owner of record or beneficial interest of more than five percent of any class of voting securities of ART, or any associate of any such director, officer, affiliate or security holder is a party adverse to ART or any of its subsidiaries or has a material interest adverse to ART or any of its subsidiaries.

No director, director nominee, officer or affiliate of ART, owner of record or beneficial interest of more than five percent of any class of voting securities of ART has, to the Company's knowledge, during the last five years (i) been convicted of any criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, United States federal or state securities laws or finding any violations with respect to such laws.

### **The Board of Directors**