

GOGGIN ROBERT ST LEGER  
Form DFAN14A  
November 13, 2012

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

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 Pursuant to 240.14a-12

**VERMILLION, INC.**

(Name of Registrant as Specified In Its Charter)

György B. Bessenyei

Gregory V. Novak

Robert S. Goggin

(Name of Person(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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1) Amount Previously Paid

2) Form, Schedule or Registration Statement No.:

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4) Date Filed:

On November 13, 2012, György B. Bessenyei, Gregory V. Novak and Robert S. Goggin (collectively, the “Participants”) sent a letter (the “Letter”) to the board of directors of Vermillion, Inc. (“Vermillion”). A copy of the Letter sent to the board of directors of Vermillion is attached hereto as Exhibit 1 and is incorporated herein by reference.

\* \* \*

THE PARTICIPANTS STRONGLY ADVISE ALL STOCKHOLDERS OF VERMILLION TO READ THE PRELIMINARY PROXY STATEMENT, THE DEFINITIVE PROXY STATEMENT, THE ACCOMPANYING PROXY CARDS AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES BY THE PARTICIPANTS FROM THE STOCKHOLDERS OF VERMILLION, FOR USE AT THE VERMILLION 2012 ANNUAL MEETING OF STOCKHOLDERS, WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH MATERIALS WILL, ALONG WITH OTHER RELEVANT DOCUMENTS, BE AVAILABLE AT NO CHARGE ON THE SECURITIES AND EXCHANGE COMMISSION’S (“SEC”) WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS IN THE SOLICITATION WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS’ PROXY SOLICITOR, OKAPI PARTNERS AT ITS TOLL-FREE NUMBER (877) 796-5274 OR VIA EMAIL AT [INFO@OKAPIPARTNERS.COM](mailto:info@okapipartners.com).

IMPORTANT INFORMATION RELATING TO THE ABOVE-NAMED PARTICIPANTS IN THIS PROXY SOLICITATION, INCLUDING THEIR DIRECT OR INDIRECT INTERESTS IN VERMILLION, BY SECURITY HOLDINGS OR OTHERWISE, IS CONTAINED IN THE PRELIMINARY PROXY STATEMENT, AS AMENDED, FILED BY THE PARTICIPANTS WITH THE SEC, AS WELL AS IN PRIOR FILINGS BY THE PARTICIPANTS PURSUANT TO RULE 14A-12, ON FEBRUARY 29, 2012, APRIL 20, 2012, MAY 4, 2012, MAY 8, 2012, MAY 21, 2012, MAY 23, 2012, OCTOBER 16, 2012 AND OCTOBER 22, 2012 WHICH DOCUMENTS ARE AVAILABLE AT NO CHARGE AT THE SEC’S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). WHEN COMPLETED, THE DEFINITIVE PROXY STATEMENT WILL BE AVAILABLE TO STOCKHOLDERS OF VERMILLION AT NO CHARGE AT THE SEC’S WEBSITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov) OR BY CONTACTING THE PARTICIPANTS’ PROXY SOLICITOR, OKAPI PARTNERS AT ITS TOLL-FREE NUMBER (877) 796-5274 OR VIA EMAIL AT [INFO@OKAPIPARTNERS.COM](mailto:info@okapipartners.com).

**EXHIBIT 1**

Board of Directors

Vermillion, Inc.

12117 Bee Caves Road

Austin, TX 78738

Dear Members of the Board of Directors

Just like all stockholders of Vermillion, Inc. (“Company” or “Vermillion”), we are shocked by the Board of Directors’ (“Board”) continuing inaction and silence, considering all the important issues in front of it. We ask in the strongest possible terms that the Board address these pressing concerns publicly and provide an update to all the Vermillion stockholders.

The Company has approximately 5,000 beneficial owners of its common stock most of them are private individuals who entrusted their hard earned money into the hands of the Board. Many of these individuals have lost nearly 90% of their investment; the least they deserve from the Board is answers to these concerns.

Perhaps by reviewing our top concerns, the Board will finally wake-up and address these issues publically:

1. Financial Performance

The Company held its Q3 earnings call on November 12. The results spoke for themselves. It’s apparent to any observer that the Company lacks vision and its business plan can be summarized as “Let’s hope a miracle happens before we run out of cash!”. The Board has been warned several times in the last two years that it has to change direction, but all the meaningful advice has fallen on deaf ears.

OVA1 sales figures remained flat throughout the year, despite the \$8.9 million spending on SG&A in the first 9 months. The below 20,000 per annum sales of OVA1 is miniscule compared to the claimed 95 million patients already having coverage and access to the test. We believe that a new management can spend more effectively and considerably increase sales within the existing coverage of the company.

2. Rejecting calls from potential partner

On October 22, 2012, we sent the Board a letter, opposing inaction in regard to a diagnostic company approaching the Company. We are incredulous to learn that up to today, nobody from the Company has started a meaningful partnership discussion with the diagnostic company in question. Meanwhile in private calls with stockholders, the Company described the investment bank involved as “unknown” and the diagnostic company as “not serious”.

As the Board is well aware, all parties involved in the proposed relationship are serious and more than well-funded to make a positive impact on the Company, for example in the form of a licensing deal for OVA1. The misleading statements from the Company in the regard, that tellingly were never got filed with the SEC, only serve to illustrate, on top of incompetence, the striking disregard for your stockholders. We demand that Management stop spreading misinformation and instead be proactive in finding partners for potential licensing or other cash flow positive deals. The substantial international licensing opportunities for OVA1 have been ignored for no good reason.

3. Severance pay for Chief Executive Officer

According to public filings, CEO Gail Page was “terminated without cause” by the Company on May 15, 2012. Had she resigned instead of being terminated, she would not have been entitled to a severance package. Now we have learnt from recent company filings that her severance package is in the range of \$400,000 - all in cash - which will be paid in addition to the \$8.4 million compensation received in 2010 and 2011 and her \$350,000 base salary for 2012. The James S. Burns led Board approved all the actions leading to this severance package.

A recent article in the Austin Business Journal (November 2-8 issue, Volume 32, Number 35) by Christopher Calnan ranked CEO Page's 2010 compensation as in the top five among public company CEOs in Central Texas. We have attached a copy of the article for your reference.

It is blatantly obvious that six months later, no actual termination has taken place. Page is still the CEO, doing the same job as before and collecting the same salary. The only difference is that she is now entitled to an additional \$400,000. We demand that the Board revisits its decisions leading to the severance pay, or initiate a discussion with Page to voluntarily decline it in view of her \$8+ million in previous compensation over the last three years.

4.

CEO succession

With regards to the announced CEO succession, most observers of the Company have concluded that there has been no real intention shown to replace CEO Page. After years of measurably poor performance, coupled with her excessive compensation, there is no excuse to keep her in the CEO role for even a day longer. The investment community is apparently steering clear from the Company while Page remains CEO, as is seen in the current share price. We support any CEO candidate with a strong track record of value creation at public companies. If the Board hasn't found one after 6 months of half-hearted search, we are ready to provide our own candidate.

Looking at all of these issues from a strategic perspective, a lot of critical attention has been paid by the investment community and the press to CEO Page and her overcompensation and underperformance at Vermillion. Although we think that this attention has been warranted, she could not have remained in charge for three years without the help of the Board and especially Chairman James S. Burns.

It is our strongly held belief that Chairman Burns has also been a major destroyer of value. As long as he remains in his Board position, the Company will most likely be unable to attract the talent it needs and deserves, particularly at the CEO level. This considered opinion is based on numerous discussions with people familiar with both Mr. Burns and the Company. We encourage Mr. Burns to voluntarily step down for the benefit of all stockholders. We also believe that he is preoccupied with his other company, AssureRx Health, Inc. and for the benefit of all stakeholders we strongly suggest that he now focus completely on that other venture.

Once these necessary changes in personnel are completed, the Group is ready to work constructively with a revitalized Board and can provide competent candidates for both CEO and Chairman of the Board. Candidates with a strong shareholder value focus would be welcomed at this time by investors and employees as well as old and new Board members.



We look forward to a prompt and detailed response from the Board to this letter.

Sincerely,

Concerned Vermillion Stockholders



