

Scio Diamond Technology Corp

Form DEF 14A

October 06, 2014

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.)

Filed by the Registrant S

Filed by a Party other than the Registrant o

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

SCIO DIAMOND TECHNOLOGY CORPORATION

(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):

S No fee required.

o 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:

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(3) the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.

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:

October 6, 2014

Dear Stockholder:

On behalf of the Board of Directors, I am pleased to invite you to join us for the 2014 Annual Meeting of Stockholders of Scio Diamond Technology Corporation on October 29, 2014. The meeting will be held at 4:00 p.m., Eastern time, at the Triple Tree Aerodrome, 330 Mary Hanna Road, Woodruff, SC 29833.

This year you will be asked to vote on the following proposals:

1. To elect seven directors to the Board of Directors to serve for a one-year term expiring at the 2015 annual stockholder meeting;
2. To approve the amendment and restatement of the Company's Bylaws;
3. To approve, on an advisory basis, the compensation of our named executive officers;
4. To approve, on an advisory basis, the frequency of holding a future advisory vote on executive compensation; and
5. To ratify the appointment of Cherry Bekaert LLP as our independent registered public accountant for the fiscal year ending March 31, 2015.

The Board of Directors recommends a vote FOR proposals 1, 2, 3 and 5, and a vote of "every year" for proposal 4. These proposals are described in the attached Proxy Statement, which you are encouraged to read fully. We will also consider any additional business that may be properly brought before the annual meeting.

The Board of Directors has fixed September 29, 2014 as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Only holders of record of shares of common stock of the Company at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting. At the close of business on the record date, the Company had 51,154,312 shares of common stock outstanding and entitled to vote.

Your vote is important and it is important that your shares be represented at the annual meeting. To ensure that your shares are represented at the annual meeting, whether or not you plan to attend, please vote by proxy by completing, signing, dating, and returning the enclosed proxy card in the envelope provided, or by fax or email.

Stockholders of record who attend the annual meeting may revoke their proxies and vote in person at the annual meeting, if they wish to do so. We appreciate your continued support.

Sincerely,

Bernard M. McPheely
Chairman of the Board of Directors

SCIO DIAMOND TECHNOLOGY CORPORATION

411 University Ridge, Suite D

Greenville, SC 29601

Notice of Annual Meeting of Stockholders

Dear Fellow Stockholder:

We cordially invite you to attend the 2014 Annual Meeting of Stockholders of Scio Diamond Technology Corporation. At the meeting, we will review our performance and answer your questions. We look forward to discussing both our accomplishments and our future plans with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that we will hold the meeting at 4:00 p.m., Eastern time, on October 29, 2014, at the Triple Tree Aerodrome, 330 Mary Hanna Road, Woodruff, SC 29833 for the following purposes:

1. To elect seven directors to the Board of Directors to serve for a one-year term expiring at the 2015 annual stockholder meeting;
2. To approve the amendment and restatement of the Company's Bylaws;
3. To approve, on an advisory basis, the compensation of our named executive officers;
4. To approve, on an advisory basis, the frequency of holding a future advisory vote on executive compensation; and
5. To ratify the appointment of Cherry Bekaert LLP as our independent registered public accountant for the fiscal year ending March 31, 2015.

Stockholders owning our common stock at the close of business on September 29, 2014 are entitled to attend and vote at the annual meeting. A complete list of these stockholders will be available at the Company's offices prior to the meeting. If your shares are held in "street name," you will need to obtain a proxy form from the institution that holds your shares in order to vote at our annual meeting.

Please use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. Even if you plan to attend the meeting, we encourage you to complete and return the enclosed proxy to us as promptly as possible.

By order of the Board of Directors,

Gerald McGuire
Chief Executive Officer

TABLE OF CONTENTS

	Page
VOTING INFORMATION	3
Vote Required	3
Voting Procedures	4
Revocability of Proxy	4
Delivery of Proxy Materials and Annual Report to Households	4
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON OCTOBER 29, 2014	5
CORPORATE GOVERNANCE	5
Nominees for Election to the Board of Directors	5
Attendance at Board, Committee and Annual Stockholders' Meetings	7
Code of Ethics and Business Conduct	7
Board Leadership Structure and Role in Risk Oversight	8
Committees of the Board of Directors	8
Director Independence	9
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	10
EXECUTIVE COMPENSATION	11
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	15
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	17
PROPOSAL NO. 1: ELECTION OF DIRECTORS	18
Vote Required	20
PROPOSAL NO. 2: ADOPTION OF AMENDED AND RESTATED BYLAWS	21
Vote Required	21
PROPOSAL NO. 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION	22
Vote Required	22
PROPOSAL 4: ADVISORY VOTE ON THE FREQUENCY OF A FUTURE ADVISORY VOTE ON EXECUTIVE COMPENSATION	23
Vote Required	23
PROPOSAL NO. 5: RATIFICATION OF APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANT	24
Vote Required	24
INCORPORATION BY REFERENCE; WHERE TO FIND MORE INFORMATION	25
OTHER MATTERS	25

COMMUNICATIONS WITH THE BOARD	25
STOCKHOLDER PROPOSALS FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS	25
ANNEX A: Amended and Restated Bylaws	

SCIO DIAMOND TECHNOLOGY CORPORATION
Principal Executive Office: 411 University Ridge, Suite D
Greenville, SC 29601

Proxy Statement for Annual Meeting of Stockholders
to be Held on October 29, 2014

We are furnishing this Proxy Statement to stockholders (“Stockholders”) of record of Scio Diamond Technology Corporation (“Scio” or the “Company”) in connection with the solicitation of proxies for use at the 2014 annual meeting of stockholders to be held at the Triple Tree Aerodrome, 330 Mary Hanna Road, Woodruff, SC 29833, on Wednesday, October 29, 2014, at 4:00 p.m. Eastern time, and at any adjournments or postponements thereof (the “Annual Meeting”).

The Notice of Annual Meeting of Stockholders, this Proxy Statement, the accompanying proxy card, and an Annual Report to Stockholders for the fiscal year ended March 31, 2014 (the “Annual Report”) containing financial statements and other information of interest to Stockholders are expected to be first mailed to Stockholders on or about October 6, 2014.

At the Annual Meeting, the Stockholders will be asked to:

1. Elect seven directors to the Board of Directors (the “Board”) to serve for a one-year term expiring at the 2015 annual meeting of the Stockholders;
2. Approve the amendment and restatement of the Company’s Bylaws;
3. Approve, on an advisory basis, the compensation of our named executive officers;
4. Approve, on an advisory basis, the frequency of holding a future advisory vote on executive compensation; and
5. Ratify the appointment of Cherry Bekaert LLP as our independent registered public accountant for the fiscal year ending March 31, 2015.

Recommendations of Our Board of Directors

Our Board recommends that you vote your shares as follows:

FOR the election of our seven director nominees to the Board to serve for a one-year term expiring at the 2015 annual meeting of the Stockholders;

FOR the approval of the amendment and restatement of the Company’s Bylaws;

FOR the approval, on an advisory basis, of the compensation of our named executive officers;

FOR the approval, on an advisory basis, of the option of “every year” for holding a future advisory vote on executive compensation; and

FOR the ratification of the appointment of Cherry Bekaert LLP as our independent registered public accountant for the fiscal year ending March 31, 2015.

Throughout this Proxy Statement, “Fiscal 2013,” “Fiscal 2014” and “Fiscal 2015” represent the fiscal years ended March 31, 2013, March 31, 2014 and March 31, 2015, respectively.

Persons Making the Solicitation

We, on behalf of the Board, are soliciting proxies in connection with the Annual Meeting. The Company will bear the costs of the solicitation. In addition to the solicitation of proxies by mail, proxies may also be solicited by our directors, officers, and employees in person or by telephone, e-mail or fax, for which they will receive no additional compensation. We

1

will also reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries for reasonable expenses incurred by them in sending proxy materials to Stockholders.

VOTING INFORMATION

Stockholders of record of the Company's common stock, par value \$.001 per share ("Common Stock"), at the close of business on September 29, 2014 (the "Record Date"), are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. On the Record Date, 51,154,312 shares of Common Stock were outstanding and entitled to vote. Each outstanding share of Common Stock entitles the holder thereof to one vote on each matter submitted to the Stockholders for a vote. Pursuant to the Company's Bylaws two Stockholders must be represented at the meeting, either in person or by proxy, to constitute a quorum. There must be a quorum for the Annual Meeting to be held.

Some of our Stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. If you hold our shares in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these materials are being forwarded to you by your broker or nominee, which is considered the Stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the Annual Meeting. However, since you are not the Stockholder of record, you may not vote those shares in person at the meeting unless you obtain a signed proxy from the Stockholder of record giving you the right to vote the shares. Your broker or nominee has enclosed or provided a voting instruction card for you to use to direct your broker or nominee how to vote these shares.

If a share is represented for any purpose at the Annual Meeting by the presence of the registered owner or a person holding a valid proxy for the registered owner, it is deemed to be present for the purpose of establishing a quorum. Therefore, valid proxies which are marked "Abstain" or "Withhold" or as to which no vote is marked, including broker non-votes (described below), will be included in determining the number of votes present or represented at the Annual Meeting.

Vote Required

Assuming that a quorum is present:

With respect to Proposal No. 1, the directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. This means that the individuals who receive the highest number of votes are selected as directors up to the maximum number of directors to be elected at the meeting.

With respect to Proposal Nos. 2, 3 and 5, each proposal will be approved if the number of shares of Common Stock voted in favor of the respective matter exceed the number of shares of Common Stock voted against that matter. If a Stockholder submits a proxy but does not specify how he or she would like it to be voted, then the proxy will be voted "FOR" the approval of the amendment and restatement of the Company's Bylaws, "FOR" the approval, on an advisory basis, of the compensation of our named executive officers, and "FOR" the ratification of the appointment of Cherry Bekaert LLP as our independent registered public accountant for Fiscal 2015. We will not count abstentions, broker non-votes or the failure to return a signed proxy as either for or against this proposal, so abstentions, broker non-votes and, assuming a quorum is present, the failure to return a signed proxy, have no impact on Proposal Nos. 2, 3 and 5. With respect to Proposal No. 3, the vote on the compensation of our named executive officers is advisory and non-binding.

With respect to Proposal No. 4, the vote on the frequency of holding a future advisory vote on executive compensation is advisory and non-binding; if none of the frequency options receive a majority of the votes cast, the option receiving the greatest number of votes will be considered the frequency recommended by the Stockholders. Shares represented by proxies that are marked "ABSTAIN" and shares which are not voted, including broker non-votes, will be excluded entirely from the vote and will have no effect on the outcome of this vote because the Stockholders' recommendation with respect to Proposal No. 4 is determined by a plurality vote.

Abstentions will be counted for purposes of determining whether a quorum is present at the Annual Meeting for the transaction of business. The Company intends to count broker non votes as present or represented for purposes of determining the presence or absence of a quorum for the transaction of business.

Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proposals that brokers do not vote on are referred to as “broker non-votes.” A broker non-vote does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. In addition, if a Stockholder abstains from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.

Voting Procedures

Ensure that your shares can be voted at the Annual Meeting by submitting your Proxy Card, or contacting your broker, bank, or other nominee.

Voting By Mail. If you are a beneficial owner, you may vote by mail by signing and dating your Proxy Card or voting instruction card provided by your broker, bank, or other nominee and mailing it in the postage-prepaid envelope provided. If you provide specific voting instructions, your shares will be voted as you instruct.

Voting Via Email or Fax. If your shares are registered in your name, you may vote by email or fax by signing and dating your Proxy Card and scanning (both sides) and emailing it to Rico@empirestock.com or faxing it (both sides) to (702) 818-5898. If you provide specific voting instructions, your shares will be voted as you instruct.

If your shares are held in the name of a bank, broker, or other nominee, please follow the instructions on the voting instruction form furnished by such bank, broker, or other nominee in order to vote your shares. Please note that if your shares are held in the name of a bank, broker, or other nominee and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from that record holder prior to the meeting and bring the proxy to the meeting.

If your shares are registered in your name, submit your proxy as soon as possible by signing, dating, and returning the Proxy Card, so that your shares can be voted at the Annual Meeting.

Revocability of Proxy

A proxy may be revoked by a Stockholder prior to voting at the Annual Meeting by written notice to the Corporate Secretary of the Company at Scio Diamond Technology Corporation, 411 University Ridge, Suite D, Greenville, SC 29601, by submission of another proxy bearing a later date, or by voting in person at the Annual Meeting. Such notice or later proxy will not affect a vote on any matter taken prior to the receipt thereof by the Company. The mere presence at the Annual Meeting of a Stockholder who has appointed a proxy will not revoke the prior appointment.

If not revoked, the proxy will be voted at the Annual Meeting in accordance with the instructions indicated on the Proxy Card by the Stockholder or, if no instructions are indicated, will be voted “FOR” the election of our seven director nominees to the Board to serve for a one-year term expiring at the 2015 annual Stockholder meeting, “FOR” the approval of the amendment and restatement of the Company’s Bylaws, “FOR” the approval, on an advisory basis, of the compensation of our named executive officers, “FOR” the option of “every year” for future advisory votes on executive compensation, and “FOR” the ratification of the appointment of Cherry Bekaert LLP as our independent registered public accountant for Fiscal 2015, and, as to any other matter that may be properly brought before the Annual Meeting, in accordance with the judgment of the proxy.

Delivery of Proxy Materials and Annual Report to Households

Stockholders who share the same last name and address may receive only one copy of this Proxy Statement unless we receive contrary instructions from any Stockholder at that address. This is referred to as “householding.” If you prefer

to receive multiple copies of this Proxy Statement at the same address, additional copies will be provided to you promptly upon written or oral request, and if you are receiving multiple copies of this Proxy Statement, you may request that you receive only one copy. Please address requests for additional copies or fewer copies of proxy statements to Investor Relations at Scio Diamond Technology Corporation, 411 University Ridge, Suite D, Greenville, SC 29601, Attention: Investor Relations, or by telephone at (864) 751-4880.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON OCTOBER 29, 2014

You may obtain copies of our public filings, including this Proxy Statement, our 2014 Annual Report on Form 10-K, and the form of proxy relating to the Annual Meeting, without charge from our website at www.sciodiamond.com under “Investor Relations – SEC Filings,” or from the Securities and Exchange Commission’s (the “SEC’s”) website at www.sec.gov. You also may request a copy of these materials, without charge, by sending an e-mail to investorrelations@sciodiamond.com. Please make your request no later than October 21, 2014 to facilitate timely delivery. If you do not request materials pursuant to the foregoing procedures, you will not otherwise receive an e-mail or electronic copy of the materials. For meeting directions please call (864) 751-4880.

CORPORATE GOVERNANCE

The Board currently consists of seven members, as determined in accordance with our Bylaws and the Settlement Agreement (see the section titled “Committees of the Board of Directors—Nominating Committee” beginning on p. 8). The names of the nominees being presented for consideration by the Stockholders (all of whom are incumbent directors), their ages, the years in which they became directors of the Company, and certain other information about them are set forth on the following pages. Proxies cannot be voted for a greater number of persons than the seven nominees. None of the corporations or other organizations referred to on the following pages with which a director or nominee for director has been employed or otherwise associated is currently a parent, subsidiary, or other affiliate of the Company.

Nominees for Election to the Board of Directors

The nominees for directors at the Annual Meeting are as follows:

James A. Korn
Age 57

James Korn is a non-executive director of the Company and was appointed to the Board on May 27, 2014. Mr. Korn currently serves as the Chief Executive Officer of Temp-Air, Inc., a leading manufacturer of temporary industrial and commercial HVAC equipment. Prior to Temp-Air, Mr. Korn was the Chief Legal Officer of Deephaven Capital Management, a \$4 billion dollar multi-strategy hedge fund in Minneapolis, Minnesota. As an attorney in private practice at Fredrikson & Byron, a 260-attorney law firm based in Minneapolis, Mr. Korn developed extensive experience in both mergers and acquisitions and in corporate finance. Mr. Korn received his B.A. in economics, magna cum laude, from Providence College and his J.D., cum laude, from the University of Minnesota Law School. Mr. Korn has served as CEO of Temp-Air, Inc. since 2007. Mr. Korn’s managing experience in the manufacturing sector and legal experience led us to the conclusion that he should serve as a director of the Company.

Karl V. Leaverton
Age 58

Karl Leaverton is a non-executive director of the Company and was appointed to the Board on June 23, 2014. Most recently, from April 2012 to July 12, 2013 when it was sold, Mr. Leaverton was the President/Chief Executive Officer and a director of Seattle Northwest Securities Corporation, a broker-dealer specializing in public finance investment banking, sales and trading of fixed income and asset management (acquired by Piper Jaffray in July, 2013). Karl has been the Chairman of SNW Asset Management Corporation since July 2012, a fixed income portfolio manager with about \$2.5 billion in assets under management. He has also been the principal of Blakely Management Company LLC from 1993 to present, providing business and management consulting for various companies and disciplines. Mr. Leaverton is the former President of the Private Client Group of RBC Wealth Management (January 2006 to April 2009), with management responsibility for more than 2,300 advisors and assets under administration in excess of \$200 billion in assets. Karl has more than 30 years of financial services experience. He earned a BS in Chemical Environmental Science from the University of Puget Sound and completed the course work for a BA in Economics. He earned a Master of Science degree in Infrastructure Management from Stanford University. Mr. Leaverton’s business acumen and experience in

finance led us to the conclusion that he should serve as a director of the Company.

4

Bruce M. Likly
Age 50

Bruce Likly serves as non-executive vice-chairman of the Board and was appointed to the Board on June 16, 2014. Mr. Likly brings more than 25 years of technology, communications and management experience to Scio. Having begun his career at IBM and worked to help grow Sun Microsystems from \$1 Billion in sales to more than \$10 Billion, Mr. Likly has spent the last decade as Principal at Kovak-Likly Communications where his team helps companies develop and implement strategic sales, marketing and communications plans. This work previously included assisting Apollo Diamond, the company whose assets Scio Diamond Technology Corporation acquired in 2011. Mr. Likly's marketing and business experience in growing companies led us to the conclusion that he should serve as a director of the Company.

Gerald A. McGuire
Age 53

Gerald McGuire is the President, Chief Executive Officer and a director of the Company and was appointed to the Board on May 27, 2014. Mr. McGuire brings over 25 years of semiconductor industry experience to Scio. The semi-conductor industry is expected to be a strong growth area for Scio in the years ahead. Mr. McGuire was most recently a Senior Vice President and General Manager of the Low-Voltage and Mid Power Analog Business at Fairchild Semiconductor. Prior to Fairchild Semiconductor, Mr. McGuire was the VP/GM of the Digital Signal Processing business at Analog Devices. He spent 23 years at Analog Devices in various technical, marketing and business roles. His specialties include: product marketing and branding, product development and strategy. Mr. McGuire has spent his career determining what global customers want and how to deliver it. From 2007 to 2010, Mr. McGuire served as Vice President of the Digital Signal Processing Division of Analog Devices, a global DSP and embedded processor business. From 2010 to 2013, Mr. McGuire was Senior VP of the Low Voltage and Mid Power Analog Business Unit of Fairchild Semiconductor, a global power semiconductor business. Mr. McGuire's past experience in top-level management positions and his business acumen led us to the conclusion that he should serve as a director of the Company.

Bernard M. McPheely
Age 62

Bern McPheely serves as non-executive chairman of the Board and was appointed to the Board on June 23, 2014. Mr. McPheely was a member of the Board from August 13, 2012 until Mr. McPheely resigned from the Board on May 13, 2013. Mr. McPheely recently retired in December 2012 as President of Hartness International after more than 35 years of service. A leader in total solutions to the packaging industry, Hartness provides equipment globally to more than 100 countries. From startup and under Bern's guidance, Hartness was profitable every quarter since 1982. He spearheaded short and long term strategic planning, including four major company-wide transformations to reposition the Hartness value proposition, product portfolio and go-to-market strategy. Bern negotiated and executed the sale of Hartness to ITW (Illinois Tool Works) and was responsible for shepherding the transition from a family owned business to a public company. He has also been responsible for successful synergistic acquisitions. From 2000-2002 Bern was chairman of the PMMI (\$6 billion member packaging association) and currently is on the Board of Directors of Dorner Manufacturing Corp. in Hartland Wisconsin. Bern was honored by Start Magazine as one of the top ten "CEO Visionaries Who Ignite Technology" and has briefed President Clinton and cabinet members on the state of US business. Bern previously worked with the US Department of Commerce. A graduate of The Thunderbird Graduate School of International Management, Bern also received his undergraduate degree from Albion College in Albion Michigan. Mr. McPheely's past experience as a director of the Company, his business acumen and his potential to connect with investors led us to the conclusion that he should serve as a director of the Company.

Lewis T. Smoak
Age 70

Lewis Smoak is a non-executive director of the Company and was appointed to the Board on June 23, 2014. Mr. Smoak is a founding partner of Ogletree, Deakins, Nash, Smoak & Stewart, which he helped establish in 1977. He has served on the law firm's Board and Compensation and Pension Committees for more than 45 years during which time the firm grew from 16 to more than 700 attorneys and two offices

to 46. He has extensive experience in the development and implementation of positive labor relations programs

for clients in all regions of the country, including compliance with employment, labor, safety, and environmental laws. He is among the one percent of U.S. lawyers listed in The Best Lawyers in America, and has also been selected by his peers for inclusion in the ABA's College of Labor and Employment Lawyers, and Chambers USA Leading Lawyers in America. Mr. Smoak is the author of three comprehensive nationwide labor relations studies in the construction industry. He has served on the Greenville (president) and South Carolina State Chambers of Commerce Board of Directors. He has served since 2002 as a member of South Carolina BIPEC's Board and its Executive Committee since 2004. He served as Chairman of the Board of Supermarket Radio Network and negotiated its sale to Pop Radio and Heritage Media. He currently serves as chairman of the board of Zumur, LLC, a start-up internet search engine for consumer products. He focuses community efforts on early childhood education issues, including service on United Way's Success by Six Board, and chairing both Greenville County (2001-2003) and the State of South Carolina's First Steps for School Readiness Board of Trustees (2003-2014). For his work in early childhood education, he was recognized and received the 2006 Ellis Island Medal of Honor. Mr. Smoak's legal expertise as a practicing attorney led us to the conclusion that he should serve as a director of the Company.

Benjamin
Wolkowitz
Age 69

Ben Wolkowitz is a non-executive director of the Company and was appointed to the Board on June 23, 2014. Mr. Wolkowitz has had an extensive career in finance and economics. Most recently he headed Madison Financial Technology Partners, a consulting firm that advised technology companies on how to position their products for the financial services industry. Previously he was a Managing Director at Morgan Stanley where he had several assignments in the Fixed Income Division over a sixteen-year career including running their financial futures brokerage operation, and a significant portion of the Fixed Income sales force. He also was the head of Fixed Income Research and prior to retiring, he managed a portfolio of Morgan Stanley invested technology companies. Before the New York phase of his career Mr. Wolkowitz was with the Board of Governors of the Federal Reserve System where he was in charge of Financial Studies, a department in the Division of Research and Statistics responsible for analyzing and advising Governors of the Board on financial markets and financial institutions. Mr. Wolkowitz had previously taught at Tulane University in the economics department and he was also a consultant to the Urban Institute in Washington, D.C. He has written and lectured extensively on both theoretical and applied topics in economics and finance in addition to co-authoring a book, Bank Capital. Mr. Wolkowitz has a BA cum laude from Queens College and a PhD in economics from Brown University. Currently he is a Town Council Member, Madison N.J. and a member of the Advisory Board of the Great Swamp Watershed Association. Mr. Wolkowitz's extensive high-level regulatory experience and connections in the financial industry led us to the conclusion that he should serve as a director of the Company.

Attendance at Board, Committee and Annual Stockholders' Meetings

During Fiscal 2014 the Board held 15 meetings. All of the directors attended at least 75% of the aggregate of such Board meetings and the meetings of each committee on which they served.

Although we do not have a formal policy regarding attendance by members of the Board at our annual Stockholders' meetings, directors are encouraged to attend our annual Stockholders' meeting.

Code of Ethics and Business Conduct

We expect all of our employees to conduct themselves honestly and ethically, particularly in handling actual and apparent conflicts of interest and providing full, accurate, and timely disclosure to the public.

We have adopted a Code of Ethics and Business Conduct that is specifically applicable to our executive officers, including our principal executive officer and our principal financial officer. A copy of this Code of Ethics and Business Conduct is available without charge to Stockholders upon request to the Company at 411 University Ridge, Suite D, Greenville, SC 29601. We will disclose any future amendments to, or waivers from, provisions of our Code of Ethics on our

6

website as promptly as practicable, as and to the extent required under and applicable stock market standards and applicable rules and regulations of the SEC.

Board Leadership Structure and Role in Risk Oversight

We are continuing to develop our corporate governance practices and recognize board oversight as an essential component of strong corporate performance. Our Board has chosen Bern McPheely to serve as the non-executive chairman of the Board. Mr. McPheely has most recently been a director since June 23, 2014, and was a director from August 13, 2012 to May 13, 2013. Mr. McPheely is considered to be an “independent” director, based upon the independence criteria set forth in the corporate governance listing standards of The NASDAQ Stock Market, and his business experience qualifies Mr. McPheely to guide the Board as its chairman. We believe it is the chairman’s responsibility to guide the Board as it provides oversight and strategic support to our executive management and that it is the president and chief executive officer’s responsibility to provide leadership and to manage the Company. In making its decision to have Mr. McPheely serve as chairman of the Board, the Board considered the time and attention that Mr. McGuire is required to devote to managing the day-to-day operations of the Company and the Board’s desire to minimize competing demands for his attention in order to allow Mr. McGuire to focus on his such responsibilities, particularly during the Company’s continued development. We believe the current Board leadership structure provides oversight and perspective to our business that is independent from executive management.

While the Board oversees the Company’s risk management, management is responsible for the day-to-day risk management processes. With respect to day-to-day risk management, in its oversight role the Board seeks to satisfy itself that risk management policies and procedures designed and implemented by the Company’s executives are consistent with the Company’s business strategy and risk appetite, that these policies and procedures are functioning as intended, and that the Company has a culture of risk-aware and risk-adjusted decision making. The Board believes that the CEO and other Company executives are fully engaged in risk management. The Board believes that it is aware of and focused on the principal risks that underlie its risk oversight, including stockholder litigation, director conflicts of interests, and SEC reporting.

Committees of the Board of Directors

Audit Committee

The Company does not have an audit committee or an audit committee financial expert (as defined in Item 407 of Regulation S-K) serving on the Board. During Fiscal 2014, the members of the Board lacked sufficient financial expertise for overseeing financial reporting responsibilities and the Board did not have an audit committee financial expert (as defined in Item 407 of Regulation S-K). However, the Company intends to establish an audit committee during Fiscal 2015 shortly following the Annual Meeting. Because the Company does not have an audit committee, the entire Board reviewed and discussed the audited financial statements with management, discussed with the Company’s independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, and received the written disclosures and the letter from the Company’s independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the Company’s independent accountant’s communications with the Board concerning independence, and also discussed with the Company’s independent accountant the independence of the Company’s independent accountant.

Compensation Committee

The Company currently does not have a compensation committee of the Board. As an early stage company with limited personnel, the Board believes that the Company did not require such a committee. However, the Company intends to establish a compensation committee during Fiscal 2015 shortly following the Annual Meeting. The Board as a whole determines executive compensation. Decisions concerning the compensation structure of the Chief Executive Officer and the Chief Financial Officer are approved by the Board as a whole. The Board as a whole is responsible for administering the Company’s compensation plans, including the Scio Diamond Technology Corp. 2012

Share Incentive Plan (the “2012 Share Incentive Plan”).

7

Executive Committee

During Fiscal 2014, the Executive Committee, which was dissolved in September 2014, was composed of Edward Adams, Joseph Lancia and Michael Monahan. The executive committee had the power, with certain exceptions, to exercise the authority of the Board in the management of the affairs and property of the Company.

Nominating Committee

Currently, the Company does not have a separate nominating committee and to dat