

RELIABILITY INC  
Form PRRN14A  
October 31, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14-A

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

RELIABILITY INCORPORATED  
(Name of Registrant as Specified In Its Charter)

JAY GOTTLIEB  
(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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(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:

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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:

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
OF RELIABILITY INCORPORATED

TIME AND DATE 10:00A.M. Central Time, on Friday November 14, 2008

PLACE Holiday Crown Plaza  
14702 Park Row  
Houston, Texas 77079

ITEMS OF BUSINESS . To elect five members to the Board of Directors, for a term of one year.  
. To transact such other business as may properly become before the adjourned 2008 Special Meeting.

RECORD DATE You can vote if you were a stockholder of record on September 16, 2008.

PROXY VOTING It is important that your shares be represented and voted at the 2008 Special Meeting. You can vote your shares by completing and returning your proxy card or by attending the 2008 Special Meeting. See details under the heading "How do I vote?" in the "Questions and Answers about the 2008 Special Meeting and Voting" section of this Proxy Statement.

WHO IS REQUESTING YOUR PROXY? Reliability Incorporated (the "Company") has not had a Shareholders Meeting since 2005. While a Special Meeting was called by the Company for October 23, 2008, its existing management did not seek proxies from its shareholders. When such Meeting lacked a quorum, the Special Meeting was adjourned until the new November 14, 2008 Special Meeting date. Jay Gottlieb (the "Solicitor"), the undersigned, the largest shareholder in the Company, has filed this Proxy Statement with the SEC so that he could seek election of a new Board of Directors and now solicits your vote in favor of a new management slate described herein. The Board of Director of the Company makes no recommendation as to the slate of directors the Solicitor is proposing.

Based on a prior solicitation of proxies to no more than 10 Company shareholders, the undersigned Solicitor giving notice that the holders of more than 37% of the issued and outstanding shares of common are expected to vote in favor of the slate of candidates set out in Proposal 1 below. Pursuant to the provisions of Section 228 of the Texas Annotated Laws and the Company's certificate of incorporation, such election of a new Board requires a quorum (1/2 of the outstanding common shares) to appear in person or vote by proxy at the shareholder meeting. Approval requires the affirmative vote of a majority of such quorum. Since, for purposes of achieving a quorum, current directors and officers of the Company holding approximately 3.9% of the outstanding shares have agreed to appear, a quorum will likely be present to vote on a new Board. Given the foregoing, as described in more detail below, Proposal 1, will be adopted so long as at least 50% + 1 share of the needed majority quorum of voting shares vote in favor of Proposal 1.

JAY GOTTLIEB, Shareholder/Solicitor  
November \_\_, 2008

YOUR VOTE IS IMPORTANT. PLEASE VOTE PROMPTLY.



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NOVEMBER \_\_, 2008  
PROXY STATEMENT

Introduction

This Proxy Statement, dated November \_\_, 2008, is furnished in connection with the 2008 Special Meeting of Shareholders of Reliability Incorporated (the "Company"), to be held November 14, 2008, (the "Special Meeting"), for the purposes set forth in the original meeting notice, at 10:00 A.M. at the Holiday Crown Plaza, 14702 Park Row, Houston, TX 77079.

This Proxy Statement is being mailed to shareholders on or about November \_\_\_\_, 2008 by Jay Gottlieb (the "Solicitor"). Mr. Gottlieb's phone number is (914) 275-6290.

The complete mailing address of the Company's principal executive office is P.O. Box 218690. Houston, Texas 77218-8690 and its phone number is (281) 492-0550.

Only shareholders of record at the close of business on September 16, 2008 are entitled to participate in the Special Meeting and any adjournments thereof. At that record date, the following voting shares of the Company were outstanding:

| CLASS                | SHARES OUTSTANDING |
|----------------------|--------------------|
| Voting Common Shares | 6,335,965          |
| Preferred Shares     | -0-                |

Holders of all common shares will vote together as a single class on all matters expected to be acted on at the Special Meeting. Since the Solicitor and certain like-minded shareholders, holding an aggregate 37% of the common shares of the Company, are expected to vote in favor of Proposal 1 here being considered at the Special Meeting, the Solicitor believes that (more likely than not) such Proposal will be approved.

At the date hereof, Solicitor has no knowledge of any business other than that described in the notice for the Special Meeting which will be presented for consideration at such Special Meeting. In fact, the only matter that can be voted upon (since a Special Meeting) is the election of directors.

Very specifically, this Proxy Statement is being furnished to the holders of record on September 16, 2008 of the outstanding shares of common stock, no par value, of the Company.

The Company's stock symbol [otcbb] is REAL.

Questions and Answers About the 2008 Special Meeting and Voting

Why did I receive these proxy materials?

The Solicitor is providing these proxy materials in connection with the solicitation of proxies to be voted at the Company's 2008 Special Meeting of Stockholders.

You are invited to attend the Company's 2008 Special Meeting on November 14, 2008, (the "Special Meeting"), for the specific election of directors purpose set forth in this notice, beginning at 10:00 A.M., Central Time, to be held at the

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Holiday Crown Plaza, 14702 Park Row, Houston, TX 77079.

Stockholders will be admitted to the Special Meeting beginning at 9:30 a.m., Central Time. Seating will be limited.

These proxy materials are being mailed on or about November \_\_, 2008.

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What do I need to attend the 2008 Special Meeting?

You will need a form of personal photo identification to enter the 2008 Special Meeting if you hold shares directly in your name as a stockholder of record.

If your shares are held beneficially in the name of a bank, broker or other holder of record and you plan to attend the 2008 Special Meeting, you must present proof of your ownership of the Company's common stock, such as a bank or brokerage account statement and a form of personal photo identification to be admitted to the 2008 Special Meeting.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the 2008 Special Meeting.

Who is entitled to vote at the 2008 Special Meeting?

Holders of the Company's common stock at the close of business on September 16, 2008 are entitled to receive this Notice of 2008 Special Meeting and to vote their shares at the 2008 Special Meeting. As of that date, there were 6,335,965 shares of our common stock outstanding and entitled to vote. Each share of the Company's common stock is entitled to one vote on each matter properly brought before the 2008 Special Meeting, in this case, the election of directors.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with the Company's transfer agent, Computershare Inc., you are considered the "stockholder of record" for those shares. In that case, these proxy materials have been sent directly to you by the Transfer Agent.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of shares held in street name. In that case, these proxy materials have been forwarded to you by your broker, bank or other holder of record who is considered the stockholder of record for those shares. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by mail, or in person.

How do I vote?

You may vote using either of the following methods:

**By mail.** Be sure to complete, sign and date the proxy card and return it in the self-addressed, prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Solicitor.

**In Person at the Special Meeting.** All stockholders may vote in person at the 2008 Special Meeting. You may also be represented by another person at the 2008 Special Meeting by executing a proper proxy designating that person. If you are a beneficial owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the 2008 Special Meeting.

However, even if you plan to attend the 2008 Special Meeting, we encourage you to complete, sign and date the proxy card and return it in the self-addressed, prepaid envelope to ensure that the required majority of outstanding shares of common stock entitled to vote at the 2008 Special Meeting is represented, in person or by proxy.



What can I do if I change my mind after I submit my proxy or voting instructions?

If you are a stockholder of record, you can revoke your proxy before it is exercised at the 2008 Special Meeting by:

- Delivering written notice of your revocation to:

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Jay Gottlieb  
30 Stoney Gate Oval  
New Rochelle, New York 10804

- Submitting a later dated proxy; or
- Attending the 2008 Special Meeting and voting in person.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You also may vote in person at the 2008 Special Meeting if you obtain a legal proxy as described in the answer to "How do I vote?" above.

All shares for which a proxy has been properly submitted and not revoked will be voted at the 2008 Special Meeting.

What shares are included on the proxy card?

If you are a stockholder of record, you will receive only one proxy card for all the shares you hold in certificate form or book-entry form.

If you are a beneficial owner, you will receive voting instructions and information regarding consolidation of your vote from your bank, broker or other holder of record.

What are the voting requirements to elect directors and can any other business properly come before the 2008 Special Meeting?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the 2008 Special Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and "broker non-votes" are counted as present and entitled to vote for purposes of determining a quorum. A "broker non-vote" occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

A plurality of the votes cast is required for the election of directors. This means that the director nominee with the most votes for a particular slot is elected for that slot. You may vote "for" or "withheld" with respect to the election of directors. Only votes "for" or "withheld" are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors. If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the election of directors, even if the record holder does not receive voting instructions from you. Accordingly, broker non-votes will have no effect on the election of directors.

Each unrevoked proxy card properly completed, signed and received prior to the close of the 2008 Special Meeting will be voted as indicated. Unless otherwise specified on your proxy card, the shares represented by a signed proxy card will be voted FOR each director nominee named in PROPOSAL 1.

At the date this Proxy Statement went to press, the Solicitor did not know of any matters to be raised at the 2008 Special Meeting other than the election of directors referred to in this Proxy Statement. While other matters may be discussed, no vote may be taken since this is a Special Meeting whose notice only provided for the election of directors.

Who will pay for the cost of this proxy solicitation?

Jay Gottlieb (the “Solicitor”) will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission.

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