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ICEWEB INC
Form PRE 14C
February 22, 2005

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

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934 (Amendment No. ___)

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule
14c-5(d)(2))
- Definitive Information Statement

ICEWEB, INC.
(Name of Registrant As Specified in Charter)

Payment of Filing Fee (Check the appropriate box):

- No Fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) 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

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:

ICEWEB, INC.
205 Van Buren Street
Suite 420
Herndon, Virginia 20170

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Telephone 703-964-8000

Dear Stockholders:

We are writing to advise you that we intend to amend our Certificate of Incorporation to effect a 1 for 80 reverse stock split of our outstanding common stock. This action was approved on February 15, 2005 by our Board of Directors. In addition, eight individuals who hold a majority of our issued and outstanding voting securities have approved this action, with an effective date of March [__], 2005, by written consent in lieu of a special meeting in accordance with the relevant sections of the Delaware General Corporation Law. We will file the Certificate of Amendment to our Certificate of Incorporation with the Secretary of State of Delaware, a copy of which is attached hereto as Exhibit A, which will specify an effective date of March [__], 2005.

As described hereafter, it is hoped that these actions will result in an increase in the market price of our common stock which our Board believes it will assist us in attracting qualified independent directors to join our Board of Directors and may make an investment in our company more attractive to institutional investors, possible acquisition candidates and the investing public as well as increasing our ability to raise working capital.

WE ARE NOT ASKING YOU FOR A PROXY, AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

No action is required by you. The accompanying information statement is furnished only to inform our stockholders of the actions described above before they take place in accordance with Rule 14c-2 of the Securities Exchange Act of 1934. This information statement is first mailed to you on or about March [__], 2005.

Please feel free to call us at 703-964-8000 should you have any questions on the enclosed Information Statement. We thank you for your continued interest in IceWEB.

For the Board of Directors of
ICEWEB, INC.

By: /s/ John R. Signorello

John R. Signorello, Chairman and CEO

ICEWEB, INC.
205 VAN BUREN STREET
SUITE 420
HERNDON, VA 20170

INFORMATION STATEMENT REGARDING
ACTION TO BE TAKEN BY WRITTEN CONSENT OF
MAJORITY STOCKHOLDERS
IN LIEU OF A SPECIAL MEETING

WE ARE NOT ASKING YOU FOR A PROXY,
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

GENERAL

This Information Statement is being furnished to the stockholders of IceWEB, Inc. in connection with the adoption of a Certificate of Amendment to our Certificate of Incorporation by written consent of our Board of Directors and the holders of a majority of our issued and outstanding voting securities in

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lieu of a special meeting. On February 15, 2005 our Board of Directors approved an amendment to our Certificate of Incorporation effecting a reverse stock split of our issued and outstanding shares of common stock on the basis of 1:80 (the "Amendment"). This action will become effective on March [___], 2005 (the "Effective Date of the Amendment") in accordance with the written consent of the holders of a majority of our issued and outstanding common stock and the filing of the Amendment with the Secretary of State of Delaware in accordance with the relevant sections of the Delaware General Corporation Law.

As of February 15, 2005 there are 448,724,780 shares of our common stock issued and outstanding. The following individuals who collectively own approximately 51.3% of our outstanding common stock, which is in excess of the required majority of our outstanding voting securities necessary for the adoption of this action, have executed a written consent approving the Amendment:

| Stockholder | No. of Shares Owned |
|--------------------|---------------------|
| John R. Signorello | 178,043,000 |
| Michael Cachine | 1,274,420 |
| John Younts | 16,000,000 |
| Tom Cerami | 10,000,000 |
| James Bond | 3,000,000 |
| G. Anthony Munno | 5,000,000 |
| Mari-Beth Kinney | 6,687,500 |
| Robert Druzak | 10,000,000 |
| | 230,004,920 |
| | ===== |

For the purposes of determining the applicable percentage of votes for approval of the Amendment, we have not included 50,800,010 shares of common stock currently listed as outstanding. These shares were contributed to our capital by agreement at the time of our reverse merger in March 2002 and may not be voted. Messrs. Signorello and Cachine are executive officers of our company, Mr. Signorello is a member of our Board of Directors. Messrs. Younts, Cerami, Bond, Munno and Druzak and Ms. Kinney are employees of our company. The full text of the Amendment is attached to this information statement as Exhibit A.

The reverse stock split, when implemented, will not change the number of authorized shares of common stock or the par value of the common stock. Except for any changes as a result of the treatment of fractional shares, each stockholder who owns 80 or more shares will hold the same percentage of common stock outstanding immediately following the reverse stock split as the stockholder did immediately prior to the reverse stock split.

As described hereafter, it is hoped that these actions will result in an increase in the market price of our common stock which our Board believes may make an investment in our company more attractive to institutional investors, possible acquisition candidates and the investing public as well as increasing our ability to raise working capital. We cannot assure you, however, that the reverse stock split will result in either a lasting increase in the market price of our common stock or otherwise make our company more attractive to potential investors.

The elimination of the need for a meeting of stockholders to approve this action is made possible by Section 228 of the Delaware General Corporation Law which provides that the written consent of the holders of outstanding shares of voting capital stock, having not less than the minimum number of votes which

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would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, may be substituted for such a meeting. In order to eliminate the costs involved in holding a special meeting, our Board of Directors voted to utilize the written consent of the holders of a majority in interest of our voting securities.

Pursuant to Section 228 of the Delaware General Corporation Law, we are required to provide prompt notice of the taking of the corporate action without a meeting of stockholders to all stockholders who did not consent in writing to such action. This Information Statement serves as this notice. This Information Statement is first being mailed on or about March [___], 2005 to stockholders of record, and is being delivered to inform you of the corporate actions described herein before they take effect in accordance with Rule 14c-2 of the Securities Exchange Act of 1934. No dissenter's rights are afforded to our stockholders under Delaware law as a result of the adoption of the Amendment.

The entire cost of furnishing this Information Statement will be borne by us. We will request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this Information Statement to the beneficial owners of our voting securities held of record by them and we will reimburse such persons for out-of-pocket expenses incurred in forwarding such material.

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OUR PRINCIPAL STOCKHOLDERS

Our voting securities are comprised of our common stock. The holders of our shares of common stock are entitled to one vote for each outstanding share on all matters submitted to our stockholders. The following table contains information regarding record ownership of our common stock as of February 15, 2005 held by:

- * persons who own beneficially more than 5% of our outstanding voting securities,
- * our directors,
- * named executive officers, and
- * all of our directors and officers as a group.

A person is deemed to be the beneficial owner of securities that can be acquired by such a person within 60 days from February 15, 2005, upon exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such a person (but not those held by any other person) and are exercisable within 60 days from that date have been exercised. Unless otherwise indicated, the address of each of the listed beneficial owners identified is 205 Van Buren Street, Suite 420, Herndon, Virginia 20170.

| Name of Beneficial Owner ----- | Amount and Nature of Beneficial Ownership ----- | Percentage of Class ----- |
|--|---|---------------------------------|
| John R. Signorello | 178,043,000 shares | 39.7% |
| Michael N. Cachine, Sr. (1) | 7,075,550 shares | 1.6% |
| All officers and directors as a group (two persons) (1) | 185,118,550 shares | 41.3% |

- (1) Shares beneficially owned by Mr. Cachine include options to purchase 5,801,130 shares of our common stock at an exercise price of \$0.37 per share.

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THE AMENDMENT

At February 15, 2005 we had 448,724,780 shares of our common stock issued and outstanding. The Amendment provides that each eighty (80) shares of our common stock outstanding immediately prior to the Effective Date of the Amendment (the "Old Shares") will be automatically converted into one (1) share of our common stock (the "New Shares"), thereby reducing the number of outstanding shares of our common stock to approximately 5,609,060 shares, subject to rounding or the issuance of additional shares of our common stock. The Amendment does not change the par value of our common stock or the number of shares of our common stock authorized for issuance. We have no present intention, however, to issue any additional shares of our common stock before the Effective Date of the Amendment.

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Purpose and Effect of Amendment.

Our common stock is currently quoted on the OTC Bulletin Board under the symbol "ICEW." On February 14, 2005 the last sale price of our common stock was \$.033 per share. Our Board of Directors believes that our relatively low stock price has somewhat inhibited our ability to attract qualified independent candidates to join our Board of Directors. Our Board of Directors also believes that the relatively low per-share market price of our common stock impairs the acceptability of our common stock to potential acquisition candidates, certain members of the investing public, including institutional investors, as well adversely effecting our ability to raise additional working capital. Because of the current low price of our common stock, our credibility as a viable business enterprise is negatively impacted. In addition, many analysts will not or are not permitted to initiate coverage on any securities that trade below \$5.00 and certain investors view low-priced stock as unattractive or, as a matter of policy, are precluded from purchasing low-priced securities. However, certain other investors may be attracted to low-priced stock because of the greater trading volatility sometimes associated with such securities.

Because brokerage commissions on low-priced stocks generally represent a higher percentage of the stock price than commissions on higher priced stocks, the current share price of our common stock can result in individual stockholders paying transaction costs (commissions, markups or markdowns) that represent a higher percentage of their total share value than would be the case if the share price were substantially higher. This factor also may limit the willingness of institutions to purchase our common stock at its current price levels.

For these reasons our Board of Directors has chosen to adopt and recommend the Amendment. We are not, however, a party to any binding agreement, acquisition agreement or agreement to raise additional working capital as of the date of this Information Statement, nor can we be certain that the reverse stock split will have a long-term positive effect on the market price of our common stock, increase our abilities to enter into financing arrangements in the future or serve to attract qualified independent candidates for our Board of Directors.

The market price of our common stock is also based on factors which may be unrelated to the number of shares outstanding. These factors include our performance, general economic and market conditions and other factors, many of which are beyond our control. The market price per new share of the New Shares may not rise or remain constant in proportion to the reduction in the number of Old Shares outstanding before the reverse stock split. Accordingly, the total market capitalization of common stock after the reverse stock split may be lower than the total market capitalization before the reverse stock split. In the future, the market price of common stock following the reverse stock split may

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not equal or exceed the market price prior to the reverse stock split. In many cases, the total market capitalization of a company following a reverse stock split is lower than the total market capitalization before the reverse stock split.

The reverse stock split will affect all of the holders of our common stock uniformly. Any fractional shares existing as a result of the reverse stock split shall be rounded to the next higher whole number to those stockholders who are entitled to receive them as a consequence of the

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reverse stock split. On the Effective Date of the Amendment, each stockholder will own a reduced number of shares of our common stock, but will hold the same percentage of the outstanding shares as the stockholder held prior to the Effective Date of the Amendment.

The liquidity of our common stock may be adversely affected by the reduced number of shares outstanding after the reverse stock split. In addition, the split will increase the number of stockholders who own odd-lots. An odd-lot is fewer than 100 shares. Such stockholders may experience an increase in the cost of selling their shares and may have greater difficulty in making sales.

The reverse stock split will not affect the par value of our common stock. As a result, on the Effective Date of the Amendment, the stated capital on our balance sheet attributable to our common stock will be reduced in proportion with the reverse stock split and our additional paid-in capital account will be credited with the amount by which the stated capital is reduced. These accounting entries will have no impact on total stockholders' equity. All share and per share information will be retroactively adjusted following the Effective Date of the Amendment to reflect the reverse stock split for all periods presented in future filings.

On October 18, 2004, we entered into a letter of intent to purchase PlanGraphics, Inc. Subsequently, on November 11, 2004, we received preliminary consent of our banking partner, Comerica, to move forward with the letter of intent to merge the two companies. The merger is subject to approval by the PlanGraphics, Inc. shareholders, and certain terms and conditions as are customary to this type of transaction. The number of shares of common stock which may be issued in this transaction, if closed, will be proportionately reduced as a result of the reverse stock split.

The Board considered reducing the number of shares of authorized common stock in connection with the reverse stock split, but determined that the availability of additional shares may be beneficial to our company in the future for possible issuances. The availability of additional authorized shares will allow the Board to issue shares for corporate purposes, if appropriate opportunities should arise, without further action by the stockholders or the time delay involved in obtaining stockholder approval (except to the extent that approval is otherwise required by applicable law). Such purposes could include meeting requirements for capital expenditures or working capital or, depending on the market conditions, effecting future acquisitions of other businesses through the issuance of shares of our common stock or securities convertible into shares of our common stock.

Because the reverse stock split results in an increased number of authorized but unissued shares of our common stock, it may be construed as having an anti-takeover effect. Although the reverse stock split is not being undertaken by the Board for this purpose, in the future the Board could, subject to its fiduciary duties and applicable law, use the increased number of authorized but unissued shares to frustrate persons seeking to take over or

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otherwise gain control of our company by, for example, privately placing shares with purchasers who might side with the Board in opposing a hostile takeover bid. Shares of common stock could also be issued to a holder that would thereafter have sufficient voting power to assure that any proposal to amend or

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repeal our Bylaws or certain provisions of our Certificate of Incorporation would not receive the requisite vote. Such uses of our common stock could render more difficult, or discourage, an attempt to acquire control of our company if such transactions were opposed by the Board. However, it is also possible that an indirect result of the anti-takeover effect of the reverse stock split could be that stockholders will be denied the opportunity to obtain any advantages of a hostile takeover, including, but not limited to, receiving a premium to the then current market price of our common stock, if the same was so offered by a party attempting a hostile takeover of IceWEB. We are not aware of any party's interest in or efforts to engage in a hostile takeover attempt as of the date of this Information Statement.

The reverse stock split will have the following effects upon our common stock:

- * The number of shares owned by each holder of common stock will be reduced eighty fold;
- * The number of shares of our common stock which will be issued and outstanding after the reverse stock split will be reduced from 448,724,780 shares to approximately 5,609,060 shares;
- * The per share loss and net book value of our common stock will be increased because there will be a lesser number of shares of our common stock outstanding;
- * The par value of the common stock will remain \$0.001 per share;
- * The stated capital on our balance sheet attributable to the common stock will be decreased 80 times its present amount and the additional paid-in capital account will be credited with the amount by which the stated capital is decreased; and
- * All outstanding options, warrants, and convertible securities entitling the holders thereof to purchase shares of common stock will enable such holders to purchase, upon exercise thereof, 80 times fewer of the number of shares of common stock which such holders would have been able to purchase upon exercise thereof immediately preceding the reverse stock split, at the same aggregate price required to be paid therefore upon exercise thereof immediately preceding the reverse stock split.

The New Shares will be fully paid and non-assessable. The Amendment will not change any of the other the terms of our common stock. The New Shares will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to the Old Shares.

Because the number of authorized shares of our common stock will not be reduced, the overall effect will be an increase in authorized but unissued shares of our common stock as a result of the reverse stock split. These shares may be issued by our Board of Directors in its sole discretion. Any future issuance will have the effect of diluting the percentage of stock ownership and voting rights of the present holders of our common stock.

Manner of Effecting the Amendment.

The reverse stock split will be effected by the filing of the Amendment with the Secretary of State of the State of Delaware. The Amendment will specify the effective date of the Amendment will be March [___], 2005 which is 60 days after this Information Statement was first mailed to our stockholders. The record date for the reverse split is March [___], 2005 and the effective date of the reverse stock split will be the Effective Date of the Amendment. No scrip or fractional shares will be issued. Fractional shares will be rounded up to the nearest whole share. We will bear the costs of the issuance of the additional stock certificates.

Our common stock will be quoted on the OTC Bulletin Board at the post-split price on the Effective Date of the Amendment.

Following the reverse split, the share certificates representing the Old Shares will continue to be valid. In the future, new share certificates will be issued reflecting the reverse stock split, but this in no way will effect the validity of your current share certificates. The reverse split will occur on the Effective Date of the Amendment without any further action on the part of our stockholders. After the Effective Date of the Amendment, each share certificate representing Old Shares will be deemed to represent 1/80th share of our common stock. Certificates representing New Shares will be issued in due course as Old Share certificates are tendered for exchange or transfer to our transfer agent, Olde Monmouth Stock Transfer Co. We request that stockholders do not send in any of their stock certificates at this time.

As applicable, new share certificates evidencing New Shares that are issued in exchange for Olds Shares representing restricted shares will contain the same restrictive legend as on the old certificates. Also, for purposes of determining the term of the restrictive period applicable to the New Shares, the time period during which a stockholder has held their existing pre-split shares will be included in the total holding period.

Certain Federal Income Tax Consequences

The reverse stock split should not result in any recognition of gain or loss. The holding period of the New Shares will include the stockholder's holding period for the corresponding Old Shares owned prior to the reverse stock split. The adjusted basis of the New Shares (including the original shares) will be equal to the adjusted basis of a stockholder's original shares. Notwithstanding the foregoing, the federal income tax consequences of the receipt of an additional share in lieu of a fractional interest is not clear but may result in tax liabilities which should not be material in amount in view of the low value of the fractional interest. Our beliefs regarding the tax consequence of the reverse stock split are not binding upon the Internal Revenue Service or the courts, and there can be no assurance that the Internal Revenue Service or the courts will accept the positions expressed above. This summary does not purport to be complete and does not address the tax consequences to holders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident foreign individuals, broker-dealers and tax exempt

entities. The state and local tax consequences of the reverse stock split may vary significantly as to each stockholder, depending upon the state in which he or she resides.

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The foregoing summary is included for general information only. Accordingly, stockholders are urged to consult their own tax advisors with respect to the Federal, State and local tax consequences of the reverse stock split.

No Dissenter's Rights

Under Delaware law stockholders are not entitled to dissenter's rights of appraisal with respect to the Amendment.

WHERE YOU CAN OBTAIN ADDITIONAL INFORMATION

We are required to file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference rooms at 450 Fifth Street, N.W., Washington, D.C., and at its offices in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for more information on the operation of the public reference rooms. Copies of our SEC filings are also available to the public from the SEC's web site at www.sec.gov.

ICEWEB, INC.

By: /s/ John R. Signorello

John R. Signorello, Chairman and CEO

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EXHIBIT A

CERTIFICATE OF AMENDMENT
TO THE CERTIFICATE OF INCORPORATION
OF
ICEWEB, INC.
(A DELAWARE CORPORATION)

Pursuant to Section 242 of the Delaware General Corporations Law, the undersigned, being the Chairman and Chief Executive Officer of IceWEB, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify that the following resolutions were adopted by the Corporation's Board of Directors and its stockholders as hereinafter described:

RESOLVED at the effective time of this amendment, each share of common stock of the Corporation issued and outstanding as of the record date set by the Corporation's Board of Directors shall be subject to a one (1) for eighty (80) reverse split with all fractional shares rounded to the nearest whole share. The effective time of this amendment shall be March [___], 2005.

The foregoing resolution and this Certificate of Amendment were adopted by the Board of Directors of the Corporation pursuant to a written consent of the directors of the Corporation dated February 15, 2005 in accordance with Section 141 of the Delaware General Corporation Law, and by the written consent dated March __, 2005 of the holders of shares of the Corporation's voting stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the undersigned, being the Chief Executive Officer of this Corporation, has executed this Certificate of Amendment to the

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Corporation's Certificate of Incorporation as of _____, 2005.

ICEWEB, INC.

By:

John R. Signorello,
Chief Executive Officer

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