

HOME SOLUTIONS OF AMERICA INC  
Form DEF 14A  
April 29, 2003

**SCHEDULE 14A**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_)**

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

**HOME SOLUTIONS OF AMERICA, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**Home Solutions of America, Inc.**  
**11850 Jones Road**  
**Houston, Texas 77070**  
**(281) 970-9859**

April 29, 2003

Dear Stockholder:

You are cordially invited to attend the 2003 Annual Meeting of Stockholders of Home Solutions of America, Inc. to be held at 9:00 a.m. on Tuesday, May 20, 2003, at Home Solutions' corporate headquarters at 11850 Jones Road, Houston, Texas.

At the meeting, you will have the opportunity to learn more about Home Solutions' growth strategy of acquiring specialty residential services companies. The Notice of Annual Meeting and Proxy Statement accompanying this letter describe the business to be conducted at the meeting.

It is important that your shares be represented at the meeting, regardless of the number you may hold. Whether or not you plan to attend the Annual Meeting, please sign, date and return the enclosed proxy card as soon as possible. This will not prevent you from voting your shares in person if you are present.

I look forward to seeing you on May 20, and reporting to you on our progress and plans.

Sincerely,

*/s/ R. Andrew White*

R. Andrew White  
*President and Chief Executive Officer*

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**Tuesday, May 20, 2003**

**9:00 a.m.**

**Corporate Headquarters of  
Home Solutions of America, Inc.  
11850 Jones Road  
Houston, Texas 77070**

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2003 Annual Meeting of the Stockholders of Home Solutions of America, Inc., a Delaware corporation (formerly Nextgen Communications Corporation) (the "Company"), will be held at the time and place noted above. At the meeting, we will ask you to:

1. elect four directors, Frank J. Fradella, Mark W. White, Michael S. Chadwick, and Willard W. Kimbrell, to serve until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified;
2. amend the Company's 2001 Stock Plan to increase the shares of Common Stock available for grant thereunder from 2,000,000 to 3,000,000 shares;
3. amend the Company's 1998 Stock Option Plan to increase the shares of Common Stock available for grant thereunder from 1,000,000 to 2,000,000 shares;
4. ratify the appointment of Corbin & Company, LLP as the Company's independent public accountants for 2003; and
5. vote on any other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on April 28, 2003, will be entitled to vote at the meeting or any adjournment of the meeting. A complete list of these stockholders will be open for the examination of any stockholder of record at the Company's principal executive offices at the address listed above for a period of 10 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.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL PROPOSALS.**

Your vote is important. To be sure your vote counts and to assure a quorum, please vote, sign, date and return the enclosed proxy card whether or not you plan to attend the meeting.

By Order of the Board of Directors

*/s/ R. Andrew White*

R. Andrew White  
*Corporate Secretary and  
Chief Executive Officer*

Houston, Texas  
April 29, 2003

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## I. INFORMATION ABOUT VOTING

Solicitation of Proxies. The Board of Directors (the "Board") of Home Solutions of America, Inc., a Delaware corporation ("Home Solutions" or the "Company"), is soliciting proxies for use at the 2003 Annual Meeting of Stockholders of Home Solutions and any adjournments of that meeting. Home Solutions first sent this proxy statement, the accompanying form of proxy, and the Company's Annual Report on Form 10-KSB to its stockholders on April 29, 2003.

Agenda Items. The agenda for the Annual Meeting is to:

1. Elect four directors to each serve for a term of one year, or until their successors, if any, are duly elected and qualified;
2. Amend the Company's 2001 Stock Plan to increase the shares of Common Stock available for grant thereunder from 2,000,000 to 3,000,000 shares;
3. Amend the Company's 1998 Stock Option Plan to increase the shares of Common Stock available for grant thereunder from 1,000,000 to 2,000,000 shares;
4. Ratify the appointment of Corbin & Company, LLP as our independent public accountants for 2003; and
5. Conduct such other business as may properly come before the meeting or any adjournment thereof.

Who Can Vote. The record date (the "Record Date") is the close of business on April 28, 2003. If you are a holder on the Record Date of Home Solutions' common stock, par value of \$0.001 per share ("Common Stock"), you can vote at the Annual Meeting on the election of directors and on the other proposals contained in this Proxy Statement. Holders of Common Stock will have one vote for each share of Common Stock. As of the close of business on the Record Date, there were 11,078,852 shares of Common Stock outstanding, all of which are entitled to vote.

How to Vote. You may vote in two ways:

1. You can come to the Annual Meeting and cast your vote there.
2. You can vote by signing and returning the enclosed proxy card. If you do, the individuals named on the card will vote your shares in the manner you indicate.

Use of Proxies. Unless you tell us on the proxy card to vote differently, we plan to vote all shares represented by the signed and returned proxies FOR the Board nominees named herein and FOR Proposals 2-4. We do not now know of any other matters to come before the Annual Meeting. If they do, proxy holders will vote the shares represented by the proxies in their best judgment.

Revoking a Proxy. You may revoke your proxy at any time before it is exercised. You can revoke a proxy by:

1. Sending a written notice of revocation to the Corporate Secretary of Home Solutions;
2. Delivering a properly executed, later-dated proxy; or

3. Attending the Annual Meeting and voting in person.

The Quorum Requirement. We need a quorum of stockholders to hold a valid Annual Meeting. A quorum will exist to hold a valid Annual Meeting if the holders of at least a majority in voting power of the outstanding shares of Common Stock entitled to vote at the Annual Meeting either attend the Annual Meeting in person or are represented by proxy. Abstentions and broker non-votes are counted as present for the purpose of establishing a quorum. A broker non-vote occurs when a broker votes on some matters on the proxy card but not on others because the broker has not received voting instructions from its customer or does not have the authority to do so.

Vote Required for Action. Each of the four directors is elected (Proposal 1) by a plurality vote of the holders of shares of Common Stock present in person or represented by proxy at the meeting. The amendment of the Company's 2001 Stock Plan (Proposal 2) and 1998 Stock Option Plan (Proposal 3), and the ratification of Corbin & Company, LLP as Home Solutions' independent public accountants for 2003 (Proposal 4), each requires the affirmative vote of a majority of the voting power represented by the shares of Common Stock present in person or represented by proxy at the meeting and entitled to vote on such matters. Abstentions have the effect of a "no" vote on all matters other than the election of directors, with respect to which abstentions will have no effect. Broker non-votes have the effect of a "no" vote with respect to Proposals 2-4.

Generally, any other action coming before the Annual Meeting would require the affirmative vote of a majority of the voting power represented by shares of Common Stock present in person or represented by proxy at the Annual Meeting.

## II. PROPOSALS

### 1. ELECTION OF DIRECTORS

Home Solutions' Board of Directors currently consists of four directors. The term for Home Solutions' directors is one year, until the next annual meeting of stockholders, or until his or her successor, if any, is duly elected and qualified. The nominees for director this year are Frank J. Fradella, Mark W. White, Michael S. Chadwick, and Willard W. Kimbrell, each of whom is currently serving as a director of the Company. Mr. Fradella was reelected to the Board at the 2002 annual stockholders' meeting, and each of Messrs. White, Chadwick and Kimbrell was appointed by the other Board members early in 2003 to fill a newly created Board seat.

Directors are elected by a plurality of the votes properly cast in person or by proxy. The four nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the four nominees named below. Each of the nominees has confirmed that he will be able and willing to continue serving as director. If any nominee is not available, the shares represented by the proxies may be voted at the Annual Meeting for another person nominated by the then-current Board to fill the vacancy. Information about each of the nominees is set forth below:

*Frank J. Fradella*, age 47, serves as the Company's Chairman of the Board, a position he has held since July 2001, and has served as a director since July 2000. Mr. Fradella also served as the Company's President and Chief Executive officer from July 2000 to March 2003, and during 1997 and 1998. Mr. Fradella has an extensive background in maintenance, construction, and labor-intensive businesses. He has been Chairman, CEO, and President of two publicly traded companies, and has held executive positions in two others. He has excelled in managing companies whose assets may have been initially under-valued and has performed significant financial turnarounds for these companies. He has also participated in numerous acquisitions that contributed to the companies' financial success.





**Mark W. White**, age 63, has served as a director of the Company since January 2003. Governor White served as the Governor of Texas from 1983-1987, and as the Attorney General of Texas from 1979-1983. Governor White is an attorney and is the founder of Geovox Security, Inc. Governor White received a degree in business administration from Baylor University in 1962 and a law degree from Baylor School of Law in 1965. Governor White is the father of R. Andrew White, the Company's President and Chief Executive Officer.

**Michael S. Chadwick**, age 52, has served as a director of the Company since January 2003. Mr. Chadwick is the Senior Vice President and Managing Director of Sanders Morris Harris, an investment banking firm based in Houston, Texas, and has been active in the commercial banking and investment banking fields since 1975. Prior to joining SMH in 1994, Mr. Chadwick was President and Principal of Chadwick, Chambers & Associates, Inc., which he co-founded in 1988. Mr. Chadwick holds an MBA from Southern Methodist University (1975) and a BA in Economics from the University of Texas at Austin (1974). Mr. Chadwick also attended the Wharton School of Finance at the University of Pennsylvania (1970-1972).

**Willard W. "Kim" Kimbrell**, age 61, has served as a director of the Company since April 2003. Mr. Kimbrell is the founding partner of Third Coast Architects, a residential and commercial architectural firm based in Houston, Texas. In his role as principal of Third Coast Architects, Mr. Kimbrell has developed strong relationships with numerous highly regarded contractors at the state and national level. Mr. Kimbrell's in-depth knowledge of building economics, coupled with his design capabilities, has earned he and his firm the reputation for completing projects on time and within budget as well as the respect and confidence of his clients. Mr. Kimbrell graduated from the University of Oklahoma with a Bachelor of Architecture degree, and he is a registered architect in over a dozen states and a licensed interior designer in the state of Texas.

***The Board of Directors recommends a vote FOR the election of Frank J. Fradella, Mark W. White, Michael S. Chadwick, and Willard W. Kimbrell as directors of the Company.***

## **2. AMENDMENT TO 2001 STOCK PLAN**

The Board has recommended that the stockholders approve an amendment to the Company's 2001 Stock Plan (the "2001 Plan") in order to increase the number of shares of Common Stock that may be granted under the 2001 Plan from 2,000,000 to 3,000,000. The Company currently has 367,100 shares of Common Stock available for grant under the 2001 Plan, and the Board believes that additional shares will allow the Company to continue using awards of stock options and restricted stock to motivate key employees, directors, and consultants, and align the interests of such persons with the Company's stockholders.

***The Board of Directors recommends a vote FOR the amendment to the Company's 2001 Stock Plan.***

## **3. AMENDMENT TO 1998 STOCK OPTION PLAN**

The Board has recommended that the stockholders approve an amendment to the Company's 1998 Stock Option Plan (the "1998 Plan") in order to increase the number of shares of Common Stock that may be granted under the 1998 Plan from 1,000,000 to 2,000,000. The Company currently has 510,000 shares of Common Stock available for grant under the 1998 Plan, and the Board believes that additional shares will allow the Company to continue using awards of stock options to motivate key employees, directors, and consultants, and align the interests of such persons with the Company's stockholders.

***The Board of Directors recommends a vote FOR the amendment to the Company's 1998 Stock Option Plan.***



#### 4. RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board has recommended that Corbin & Company, LLP ("C&C") continue to serve as Home Solutions' independent public accountants for 2003. C&C served as Home Solutions' independent public accountants for the Company's financial statements for the period ended December 31, 2002.

C&C Fees. The approximate aggregate fees, including out-of-pocket expenses, billed for professional services rendered by C&C during 2002 were as follows:

<u>Audit Fees</u> <sup>(1)</sup>	<u>Financial Information System Design and Implementation Fees</u>	<u>All Other Fees</u>
\$60,000	\$0	\$0

<sup>(1)</sup> For the audit of the Company's consolidated financial statements as of and for the year ended December 31, 2002.

*The Board of Directors recommends a vote FOR ratification of the appointment of Corbin & Company, LLP as the Company's independent public accountants for the year 2003.*

### III. INFORMATION ABOUT THE COMPANY'S BOARD OF DIRECTORS

Directors are elected at each annual meeting of stockholders, although vacancies resulting from resignation, removal, death, or an increase in the size of the Board between annual meetings may be filled by the remaining members of the Board. Directors hold office until the next annual meeting of stockholders and until their successors are elected and qualified.

The background of each of the four nominees for director is presented under Section II above. Frank J. Fradella served as the Company's sole director during 2002, therefore no physical meetings of the Board took place during 2002, but the Board approved of several matters by Mr. Fradella's written consent. The Board of Directors does not have a nominating committee or compensation committee.

Audit Committee. In January 2003, upon increasing the size of the Company's Board, the Board formed an audit committee. The Audit Committee oversees Home Solutions' corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on Home Solutions' engagement team as required by law; reviews the financial statements to be included in Home Solutions' annual report on Form 10-KSB; and discusses with management and the independent auditors the results of the annual audit and the results of Home Solutions' quarterly financial statements. Two directors comprise the Audit Committee: Messrs. Chadwick (Chairman) and Kimbrell. All members of Home Solutions' Audit Committee are independent (as independence is currently defined under Section 121(B) (b) (ii) of the American Stock Exchange's listing standards). The Audit Committee has adopted a written Audit Committee Charter that is attached as Appendix A to these proxy materials.



Compensation. The Company does not pay directors' fees to its Board members, but does provide transportation, lodging and reimbursement of all reasonable expenses for attending Board meetings. Also, directors are eligible for certain awards under the Company's 2001 Stock Plan and 1998 Stock Option Plan, which are granted to directors from time-to-time at the discretion of the Board. Options to purchase 100,000 shares of the Company's common stock were granted to each of Messrs. White, Chadwick, and Kimbrell upon his appointment to the Board. Such options vest in one-third increments over a three-year period.

#### IV. EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information relating to the current executive officers of the Company. Executive officers of the Company are elected to serve until they resign or are removed, or are other disqualified to serve, or until their successors are elected and qualified.

<u>Name</u>	<u>Age</u>	<u>Current Positions with the Company</u>
R. Andrew White.....	30	President, Chief Executive Officer, Chief Financial Officer (interim) and Secretary

**R. Andrew White** currently serves as the Company's President, Chief Executive Officer, Chief Financial Officer (interim) and Secretary. Mr. White served as the Company's Chief Financial Officer and Secretary from February 2002 through March 2003, at which time he was promoted to President and Chief Executive Officer. Mr. White's background is in investment banking, technology and in consolidation strategies for middle market companies. Prior to Home Solutions, he was a partner at Weiss & White Capital, a boutique financial advisory firm in Dallas, Texas. In addition, Mr. White was a vice president for a privately held technology company in Dallas. Previous to this, he was employed by Credit Suisse First Boston in their investment banking division. Mr. White graduated from the University of Virginia with a Bachelor of Arts degree and expects to receive his Masters of Business Administration degree from the University of Texas at Austin in May 2003.

#### V. SECURITY OWNERSHIP OF THE COMPANY

##### Management Ownership

The table below shows the beneficial ownership as of April 28, 2003, of Common Stock by each of the directors and executive officers of Home Solutions and all directors and executive officers as a group. In addition to the 11,078,852 shares of Common Stock outstanding on April 28, 2003, this table also gives effect to shares that may be acquired pursuant to options, warrants or convertible stock within 60 days after such date. The principal business address of each person in this table is c/o Home Solutions of America, Inc., 11850 Jones Road, Houston, Texas 77070.

<u>Executive Officers and Directors</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percentage of Class Beneficially Owned</u>
R. Andrew White, CEO.....	206,767 <sup>(1)</sup>	1.8%
Frank J. Fradella, Chairman.....	750,000 <sup>(2)</sup>	6.3%
Mark W. White, Director.....	0 <sup>(3)</sup>	0.0%
Michael S. Chadwick, Director.....	0 <sup>(3)</sup>	0.0%
Willard W. Kimbrell, Director.....	0 <sup>(3)</sup>	0.0%
All directors and executive officers as a group (five persons).....	956,767 <sup>(1)(2)</sup>	8.0%



- 
- (1) Includes 106,667 shares that Mr. White could acquire through the exercise of certain vested stock options.
  - (2) Consists of 750,000 shares that Mr. Fradella could acquire through the exercise of certain fully vested stock options and restricted stock purchase rights.
  - (3) Messrs. White, Chadwick and Kimbrell each have been awarded 100,000 stock options. As of this date, none of these options has vested.

### **Other Security Ownership**

The following is tabulation as of April 28, 2003, of those stockholders of Home Solutions who own beneficially in excess of 5% of Home Solutions' Common Stock:

<u>Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percentage of Class Beneficially Owned</u>
Tyrrell L. Garth <sup>(1)</sup>	1,424,256 <sup>(2)</sup>	12.7%
Barbara Feldman <sup>(3)</sup>	1,100,000	9.9%

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- (1) Mr. Garth's principal business address is c/o Cheyenne Capital, 350 Dowlen Road, Suite 200, Beaumont, Texas 77706.
  - (2) This figure includes 100,160 shares that Mr. Garth could acquire within 60 days from April 28, 2003, pursuant to outstanding warrants held by Mr. Garth or his affiliate.
  - (3) Ms. Feldman's principal business address is 2081 Magnolia Lane Highland Park, Illinois 60035

## **VI. EXECUTIVE COMPENSATION**

### **Summary Compensation Table**

The following table sets forth the cash and non-cash compensation paid by or incurred on behalf of Home Solutions to its Chief Executive Officer and certain other most highly paid executive officers for 2002, 2001 and 2000 (excluding executive officers whose salary and bonus did not exceed \$100,000):

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Number of Securities Underlying Options (#) <sup>(1)</sup>	All Other Compensation
Frank J. Fradella <sup>(2)</sup> (Chairman/former CEO)	2002	\$200,000	\$5,650	--	\$11,000 <sup>(3)</sup>
	2001	\$270,000	--	500,000	\$15,500 <sup>(3)</sup>
	2000	--	--	250,000	--
R. Andrew White <sup>(4)</sup> (Chief Executive Officer)	2002	\$110,000	\$15,850	170,000	--
	2001	--	--	--	--