

Shack Herbert Michael
Form PRRN14A
September 30, 2008

PRELIMINARY PROXY STATEMENT

SCHEDULE 14A INFORMATION
(RULE 14a-101)
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
Amendment No. 2

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 Under Rule 14a-12

ARTES MEDICAL, INC.
(Name of Registrant as Specified in Charter)

H. MICHAEL SHACK
(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:

(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:

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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:

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(3) Filing Party:

(4) Date Filed:

PRELIMINARY COPY

2008 ANNUAL MEETING OF STOCKHOLDERS

OF

ARTES MEDICAL, INC.

PROXY STATEMENT

OF

H. MICHAEL SHACK

To All Artes Medical, Inc. Stockholders:

This Proxy Statement and the accompanying blue proxy card are being furnished to stockholders ("Stockholders") of Artes Medical, Inc. (the "Company") in connection with the solicitation of proxies by H. Michael Shack (the "Proxy Organizer") to be used at the annual meeting (the "Annual Meeting") of Stockholders of the Company which, pursuant to the bylaws of the Company, should have been called during the first quarter of 2008. Since the original filing of this Proxy Statement, the Company has scheduled the Annual Meeting for October 30, 2008, at the San Diego Marriott Del Mar located at 11966 El Camino Real, San Diego, California 92130 at 10:00AM. The Company's principal executive offices are located at 5870 Pacific Center Blvd., San Diego, California 92121. This Proxy Statement and the blue proxy card are first being furnished to Stockholders on or about September 22, 2008.

At the Annual Meeting, the Proxy Organizer will seek to:

1. Amend the Bylaws of the Company (the "Bylaws") to allow a majority of the Stockholders to fill vacancies on the Board of Directors resulting from the removal of any Directors;
2. Amend the Bylaws to increase the number of Directors of the Company to 11;
3. Remove three of the current Directors of the Company under Delaware Corporations Law §141(k)(1) for cause;
4. Elect four new Directors to fill the newly created directorships pursuant to proposal #2 of this Proxy Statement or, in the alternative, if proposal #2 is defeated, elect three new Directors to fill the three vacancies created by the removal contained in Proposal #3 of this Proxy Statement; and
5. Vote on the election of two new Class II Directors to serve for three year terms until the annual meeting of Stockholders in 2011 or until their successors are duly elected and qualified.

The Board of Directors is currently comprised of seven members. The Proxy Organizer is seeking to increase the number of Directors to 11, remove three Directors, and then fill six seats on the Board of Directors through this Proxy. The Proxy Organizer's nominees are named below under "Election of Directors." Each of the nominees (each a "Nominee" and, collectively, the "Nominees") have been selected by the Proxy Organizer.

The Proxy Organizer is not satisfied with the existing management or Board of Directors of the Company. He believes that the Company's poor financial performance, lack of expressed business plan, and changes to key personnel, all as described in the Company's quarterly and annual reports filed with the Securities and Exchange Commission (the "SEC"), are impairing the Company's ability to maximize value for all shareholders.

Article 9 of the Bylaws provides that the Bylaws may be amended by the vote of Stockholders. The Proxy Organizer's proposed amendment to the Bylaws, if approved, will allow vacancies of the Board of Directors to be filled by the vote of 66 2/3% of the outstanding shares entitled to vote. Each director so elected shall hold office until the next annual meeting for the class of each Director of the Company and until a successor has been elected and qualified.

The Proxy Organizer believes that, for the reasons stated below, there is sufficient cause to remove the Directors and it is in the best interest of all of the Stockholders to elect the six new Directors to the Company who provide a track record of success in the dermal filler market and who are experienced in developing a variety of opportunities for the Company and forging a clear direction for the Company. The Proxy Organizer believes that the proposed new Directors provide the necessary industry knowledge in the wrinkle filler markets and will provide a strong sales and marketing background to the Company. ACCORDINGLY, THE PROXY ORGANIZER IS SOLICITING PROXIES IN FAVOR OF:

1. Amending the bylaws to allow a majority of shareholder to fill vacancies and newly created directorships on the Board of Directors;
2. Amending the bylaws to increase the number of Directors to 11;
3. Remove three of the current Directors for cause;
4. Elect four new Directors to fill the newly created directorships pursuant to proposal #2 of this Proxy Statement or, in the alternative, if proposal #2 is defeated, elect three new Directors to fill the three vacancies created by the removal contained in Proposal #3 of this Proxy Statement; and
5. Vote on the election of two new Class II Directors to serve for three year terms until the annual meeting of Stockholders in 2011 or until their successors are duly elected and qualified.

What went wrong with Artes Medical?

According to the NASDAQ Stock Exchange, the Company's stock price has declined more than 88% in the last 52 weeks. Within this time period, the Company's market value has declined from \$134.5 million to approximately \$15 million, erasing a staggering \$119.5 million in shareholder value. The Company's share price reached an all-time low of \$0.35 on September 16, 2008, down from an all-time high of \$9.96 in February 2007.

According to the Company's Current Report on Form 8-K filed with the SEC on August 22, 2008, on August 19, 2008, the Company received a notice from NASDAQ indicating that its stockholders' equity on June 30, 2008 was less than the \$10 million required for continued listing on The NASDAQ Global Market under Marketplace Rule 4450(a)(3).

According to the Board of Directors' biographies in the Company's annual report filed with the SEC on March 14, 2008, the Company's current Board of Directors lack any specific industry expertise in the personal aesthetics market.

According to the Company's current report on Form 10-K filed with the SEC on March 14, 2008, the Company has pledged ALL of its assets against a \$22.5 million revenue financing entered into with COWEN Healthcare Royalty Partners ("CHRP") in January 2008. All assets of Artes Medical will revert to CHRP in case of Artes Medical's default to service future royalty obligations.

The current management and Board of Directors are responsible for canceling a signed distribution agreement on March 5, 2007 with a Taiwanese corporation that would have given the Company a minimum of \$4.2 million in combined revenues from sales of Artefill in Taiwan during the first two years of the contract alone.

According to the Company's current report on Form 10-K filed with the SEC on March 14, 2008, the current management and Board of Directors are responsible for forfeiting an estimated minimum of \$20 million in additional future royalty revenues from Bioform Medical over the lifetime of the Company's '452 core technology patent by settling for one lump sum payment of \$5.5 million which generated a one-time only increase in revenues for the third quarter in 2007 as outlined in the financial statements of the Company's quarterly and annual filings with the SEC.

According to the 2007 statistics of the American Society for Aesthetic Plastic Surgery ("ASAPS"), the market penetration of ArteFill was a dismal 12,075 (0.07%) procedures in 2007 compared to 119,397 (6.9%) procedures for Radiesse® semi-permanent filler marketed by Bioform Medical. The number of total injectable soft tissue filler procedures in the United States was 1,723,476 (1). The target number of patients treated with ArteFill in year two was initially forecasted at 40,000 patients, however, as indicated in a press release by the Company dated July 28, 2008, only 10,000 patients have been treated within the first 18 months since ArteFill's U.S. market introduction.

How the new Board of Directors proposes to turn the Company around:

1. Engage new senior management to provide leadership and re-establish enthusiasm and morale among employees as well as credibility among customers and the financial community;
2. Focus on near-term break-even in the fourth quarter of 2009 through increases in ArteFill sales as well as a significant reduction of cost of goods and operating expenses;
3. Implement new and creative sales and marketing strategies for Artefill to reach more aggressive revenue forecasts;
4. Create 'ArteFill Centers of Excellence' within key opinion leaders private practices and organize nationwide and international hands-on, peer-to-peer ArteFill training seminars engaging physician opinion leaders to re-establish scientific credibility and overcome widespread misconception regarding the use of ArteFill and competitor's discreditation of ArteFill;
5. Pursue international market opportunities for Artefill;
6. Remove skin test requirements for ArteFill in collaboration with the FDA;
7. Develop next generation injectable dermal filler and expand Company's product portfolio through in-licensing of new and exciting anti-aging technologies; and

1 www.surgery.org/press/statistics-2007.php

8. Pursue medical pipeline indications such as heartburn (GERD) and spinal disk repair with the Company's platform technology.

THE NOMINEES ARE COMMITTED TO ACTING IN THE BEST INTERESTS OF THE STOCKHOLDERS.

REPRESENTATIVES OF THE NEWLY PROPOSED BOARD OF DIRECTORS AND THEIR PROPOSED CHIEF FINANCIAL OFFICER, WILLIAM KACHIOFF, WILL EXPLAIN THEIR TURN-AROUND STRATEGY AND FINANCIAL MODEL IN MORE DETAIL AT THE ANNUAL MEETING.

THE PROXY ORGANIZER BELIEVES THAT YOUR VOICE IN THE FUTURE OF THE COMPANY CAN BEST BE EXPRESSED THROUGH THE ELECTION OF THE NOMINEES. ACCORDINGLY, THE PROXY ORGANIZER URGES YOU TO VOTE YOUR BLUE PROXY CARD FOR THE NOMINEES.

IF YOUR SHARES ARE HELD IN THE NAME OF A BROKERAGE FIRM, BANK, BANK NOMINEE OR OTHER INSTITUTION ON THE RECORD DATE, ONLY IT CAN VOTE SUCH SHARES AND ONLY UPON RECEIPT OF YOUR SPECIFIC INSTRUCTIONS. ACCORDINGLY, PLEASE CONTACT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND INSTRUCT THAT PERSON TO EXECUTE ON YOUR BEHALF THE BLUE PROXY CARD AS SOON AS POSSIBLE.

IMPORTANT

The election of the Nominees requires the affirmative vote of a PLURALITY of the votes cast, assuming a quorum is present or otherwise represented at the Annual Meeting. As a result, your vote is extremely important in deciding the future of the Company. The Proxy Organizer urges you to mark, sign, date and return the enclosed blue proxy card to vote for the election of the Nominees.

THE PROXY ORGANIZER URGES YOU NOT TO SIGN ANY PROXY CARD SENT TO YOU BY THE COMPANY. IF YOU HAVE ALREADY DONE SO, YOU MAY REVOKE YOUR PROXY BY DELIVERING A LATER-DATED BLUE PROXY CARD TO THE PROXY ORGANIZER, OR BY VOTING IN PERSON AT THE ANNUAL MEETING. SEE "VOTING PROCEDURES" AND "PROXY PROCEDURES" BELOW.

Only holders of record of the Company's voting securities as of the close of business on October 1, 2008 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. As of August 1, 2008, there were 16,514,163 shares of common stock outstanding and no shares of preferred stock outstanding. Stockholders of record at the close of business on the Record Date will be entitled to one vote at the Annual Meeting for each share of common stock (the "Common Stock") held on the Record Date.

As of September 8, 2008, the Proxy Organizer beneficially owned an aggregate of 171,096 shares of Common Stock, representing approximately 1.04% of the outstanding shares of Common Stock. The Proxy Organizer intends to vote such shares "for" all proposals described in this Proxy Statement. According to the Company's SEC filings, most of its shareholders own less than 1% of the Company's common stock.

VOTE FOR ALL PROPOSALS BY RETURNING YOUR COMPLETED BLUE PROXY CARD TODAY. If you have any questions, you can reach the Proxy Organizer's proxy solicitation firm of MacKenzie Partners, Inc. at (212) 929-5500 or via e-mail at proxy@mackenziepartners.com.

BACKGROUND OF THE PROXY SOLICITATION

Proxy Organizer is submitting this Proxy Statement which the Proxy Organizer is independently financing. The Proxy Organizer believes that independently financed proxy solicitations do not require the Company's approval for submission to the Securities and Exchange Commission or for submission to the Company's shareholders for a vote on the proposals in Proxy Organizer's Proxy Statement at the Company's Annual Meeting. Proxy Organizer believes this Proxy Statement complies with all substantive and procedural requirements of Article II, Section 2.1 and Section 141(k) of the Delaware General Corporation Law. Under Delaware General Corporation Law Section 222(a), Proxy Organizer believes that Proxy Organizer is able to raise for the first time and to present any proposals he desires at the Annual Meeting. The company received notice of the Proxy Statement and the proposals contained therein, through the filing of the Proxy Statement with the SEC on August 11, 2008.

In opposition to the current Board of Directors of the Company, the Proxy Organizer is seeking to solicit the proxies of Stockholders to be used to:

1. Amend the bylaws to allow a majority of shareholder to fill vacancies and newly created directorships on the Board of Directors;
2. Amend the bylaws to increase the number of Directors to 11;
3. Remove three of the current Directors for cause;
4. Elect four new Directors to fill the newly created directorships pursuant to proposal #2 of this Proxy Statement or, in the alternative, if proposal #2 is defeated, elect three new Directors to fill the three vacancies created by the removal contained in Proposal #3 of this Proxy Statement; and
5. Vote on the election of two new Class II Directors to serve for three year terms until the annual meeting of Stockholders in 2011 or until their successors are duly elected and qualified.

The Nominees, if elected, plan to change the existing management and operations of the Company to effectuate the plan described in this Proxy Statement. Each of the Nominees has consented to being named in the Proxy Statement, and if so elected, to serve as a Director and is fully committed, if elected, to take such action as the Nominees deem advisable and in the best interests of the Stockholders and which they believe will maximize stockholder value and improve the Company's future viability and growth.

PROPOSAL #1 – FIRST AMENDMENT TO THE BYLAWS

The Company's Bylaws currently contain this provision:

3.3 Director Resignations, Newly Created Directorships and Vacancies.

- (a) Any director may resign at any time upon written notice to the attention of the secretary of the Corporation or, if there is no secretary in office, then to the attention of any other corporate officer or to the Board of Directors as a whole. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.
- (b) Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum, and directors so chosen shall serve for a term expiring at the next annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected.
- (c) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.
- (d) If at any time, by reason of death or resignation or other cause, the Corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the Certificate of Incorporation or these Bylaws, or may apply to the

Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

(e) If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the Whole Board (as constituted immediately before any such increase), then the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as applicable .

This means that upon the removal of any Directors, the remaining Directors of the Company have the sole and exclusive power to fill those vacancies.

The Proxy Organizer proposes to amend the Bylaws of the Company (the "Bylaws") to allow a majority of the Stockholders to fill vacancies on the Board of Directors resulting from the removal of any Directors. The new Bylaw provision will read as follows:

3.3 Director Resignations, Newly Created Directorships and Vacancies resulting from any increase in the authorized number of directors elected by the stockholders having the right to vote as a single class may be filled by a majority of the shareholders. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the shareholders. The directors so chosen shall hold office until the next annual election of the each director's respective class or until their successors are duly elected and shall qualify, unless sooner replaced.

This new bylaw provision will allow a majority of the Stockholders to fill vacancies on the Board of Directors resulting from the removal of any Directors both for the purposes of this proxy as well as in the future. The Proxy Organizer believes this new provision gives the Stockholders more power to vote on the members of the Board of Directors of the Company. The Proxy Organizer intends to vote, and recommends that you vote, for this proposal.

PROPOSAL #2 – SECOND AMENDMENT TO THE BYLAWS

The Company's Bylaws currently contain this provision:

3.1 Number of Directors.

The number of directors constituting the Whole Board shall be fixed from time to time, within the limits specified in the Certificate of Incorporation, by a resolution adopted by at least two-thirds (2/3) of the Whole Board, or by the affirmative vote of holders of at least 66 2/3% of the shares entitled to vote thereon at an annual meeting. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

The Proxy Organizer proposes to amend the Bylaws of the Company (the "Bylaws") to increase the Company's Board of Directors to 11 Directors. The Nominees will become the Directors for the four newly created Director positions. The new Bylaw provision will read as follows:

3.2 Number of Directors. The number of directors of the Corporation shall not be fewer than three (3) nor more than eleven (11), until changed by amendment of the certificate of incorporation or by a bylaw amending this Paragraph 3.1 duly adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote. The exact number of directors shall be fixed from time to time, within the limits specified in the certificate of incorporation or in this Section 3.1, by a bylaw or amendment thereof duly adopted by the affirmative vote of the majority of the shares present in person or represented by proxy at a duly held meeting and entitled to vote thereon or by approval of the majority of the shares entitled to vote, or by approval of the board of directors.

This new bylaw provision will allow a majority of the Stockholders to fill the newly created seats on the Board of Directors for the purposes of this proxy as well as in the future. The Proxy Organizer believes this new provision gives the Stockholders more power to vote on the members of the Board of Directors of the Company. The Proxy Organizer intends to vote, and recommends that you vote, for this proposal.

PROPOSAL #3 – REMOVAL OF DIRECTORS

The Proxy Organizer proposes to remove Lon E. Otremba, Beverly A. Huss, and Robert B. Shermano as Directors of the Company under Delaware Corporations Law §141(k)(1) for cause.

Delaware General Corporation Law §141(k)(1) reads as follows:

(k) Any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except as follows:

(1) Unless the certificate of incorporation otherwise provides, in the case of a corporation whose board is classified as provided in subsection (d) of this section, shareholders may effect such removal only for cause.

The Company's Board is classified as provided in subsection (d) of Delaware General Corporation Law §141(k)(1) and, therefore, Directors may be removed only for cause.

A "for cause" removal of a director requires that the individual be given: (i) specific charges for his removal, (ii) adequate notice, and (iii) a full opportunity to meet the accusation.

The Proxy Organizer believes that these three Directors should be removed for cause because of their breach of fiduciary duty, breach of duty of loyalty, and waste of corporate assets as described in "What Went Wrong with Artes Medical?" The Directors have received adequate notice through this Proxy Statement. Further, each Director has the opportunity to meet the accusation at the Annual Meeting.

The Proxy Organizer believes this proposal is in the best interests of the Stockholders as the Stockholders will then be able to replace the existing Directors of the Company. Therefore, the Proxy Organizer intends to vote, and recommends that you vote, for this proposal.

**PROPOSAL #4 – ELECTION OF FOUR NEW DIRECTORS TO FILL THE NEWLY CREATED
DIRECTORSHIPS OR,
ALTERNATIVELY, ELECTION OF THREE NEW DIRECTORS TO FILL VACANCIES CREATED BY
REMOVAL**

The Proxy Organizer proposes to elect four new Directors to fill the newly created directorships pursuant to proposal #2 of this Proxy Statement or, in the alternative, if proposal #2 is defeated, elect three new Directors to fill the three vacancies created by the removal contained in Proposal #3 of this Proxy Statement. The three or four new Directors will serve until their respective Class terms expire or until their successors are duly elected and qualified. The Proxy Organizer proposes to elect Terry Knapp, M.D., Dr. H. Michael Shack, Eric Donsky, and Dr. Johan Brahme to fill the vacancies created by the increase to the number Directors of the Company. Should proposal #2 be unsuccessful, Dr. Johan Brahme will be removed as a Nominee. Should Proposal #2 and Proposal #3 both be successful, the Board will only include eight of the maximum eleven directors.

The Proxy Organizer believes these four Director nominees are qualified to serve on the Company's Board of Directors pursuant to their experience described in their biographies in Proposal #5 below.

Each Nominee, if elected, would hold office until the next annual meeting of shareholders for their respective class or until a successor has been elected and qualified. Although the Proxy Organizer does not anticipate that any of the persons named below will be unable or unwilling to stand for election, in the event of such occurrence, proxies may be voted for a substitute designated by the Proxy Organizer. To the extent current members of the Board of Directors do not agree to serve with the Proxy Organizer's Nominees if the campaign is successful, any vacancies on the Company's Board of Directors created by resignation of such directors are likely to remain vacant. The Proxy Organizer currently has no intention to fill any such vacancies. See Appendix I for additional information about the Nominees, including their ownership, purchase and sale of securities issued by the Company.

The Proxy Organizer intends to vote, and recommends that you vote, for this proposal.

PROPOSAL #5 - ELECTION OF DIRECTORS

According to the Company's proxy statement prepared in connection with the 2007 Annual Meeting of the Company, as filed with the SEC on April 30, 2007 (the "Company's Proxy Statement"), the Company currently has seven Directors, of which the terms of the Class II Directors will expire at the Annual Meeting of the Stockholders. Christopher J. Reinhard and John R. Costantino are both Class II Directors for the Company and their terms will expire at this Annual Meeting. The Proxy Organizer proposes that the Stockholders elect Robert Binkele

and Charles A. Schliebs to fill the vacancies of the Class II Directors. The Proxy Organizer believes these two Director nominees are qualified to serve on the Company's Board of Directors pursuant to their experience described in their biographies below.

Each Nominee, if elected, would hold office until the next annual meeting of shareholders for their respective class or until a successor has been elected and qualified. Although the Proxy Organizer does not anticipate that any of the persons named below will be unable or unwilling to stand for election, in the event of such occurrence, proxies may be voted for a substitute designated by the Proxy Organizer. To the extent current members of the Board of Directors do not agree to serve with the Proxy Organizer's Nominees if the campaign is successful, any vacancies on the Company's Board of Directors created by resignation of such directors are likely to remain vacant. The Proxy Organizer has no plan to fill any such vacancies. See Appendix I for additional information about the Nominees, including their ownership, purchase and sale of securities issued by the Company.

If elected, the Nominees intend to remove the current Chief Financial Officer of the Company and to appoint William Kachioff as the new Chief Financial Officer of the Company. Background information about Mr. Kachioff is set forth below.

CHARLES A. SCHLIEBS - Mr. Schliebs is the co-founder and Managing Director of iNetworks Advisors, Inc., iNetworks BioOpportunity Fund, LP, and iNetworks Private Fund, LP. iNetworks is a venture capital/private equity group investing primarily in healthcare/life science ventures in North America. Prior to co-founding iNetworks, Mr. Schliebs was a partner from 1988 through 1999 with Jones Day, a 2,300-lawyer, international law firm, where he directed the firm's life sciences practice group worldwide. Mr. Schliebs' substantive expertise was as a securities/corporate finance partner and international business law specialist, and his industry specialization was healthcare/life sciences, counseling primarily multinational healthcare/life science companies. While at Jones Day, Mr. Schliebs was the lawyer responsible for all client service worldwide to Bayer AG, the international pharmaceutical and chemical conglomerate. Prior to joining Jones Day, Mr. Schliebs served in a variety of executive positions at New York Stock Exchange companies such as Hospital Corporation of America ("HCA"), where he co-founded HCA Venture Capital, the company's in-house venture arm, investing in emerging healthcare companies. Over a 24 year legal career, Mr. Schliebs represented a wide variety of healthcare, pharmaceutical, medical device, diagnostic and laboratory/scientific companies.

After concluding his legal career, Mr. Schliebs joined the board of directors of Sunquest Information Systems, Inc., a NASDAQ listed Tucson, Arizona based healthcare information systems company. In his board role, he oversaw the sale of the company to Misys plc for three times the price of the company's stock at the time he was asked to join the board. In addition to serving on the boards of for-profit companies in fields ranging from cardiovascular devices to medical simulation to healthcare IT, he serves on a variety of boards involving entrepreneurship and social issues, including Chatham University's Center for Women's Entrepreneurship, Pittsburgh's Institute for Cross-Cultural Ethics, and the President's Visiting Committee on Social Justice at West Virginia University.

Mr. Schliebs received his J.D. from the Vanderbilt University School of Law, and holds two undergraduate degrees from the University of Pennsylvania, a B.A. and a B.S. in Economics from the Wharton School.

TERRY KNAPP, M.D. - While in Plastic Surgery specialty training at Stanford University, Dr. Knapp developed and patented the enabling technology for Collagen Corporation, which he co-founded in 1975. While serving as Collagen Corporation's first VP of Regulatory and Clinical Affairs, he developed the clinical and regulatory strategies that resulted in the first U.S. product approval by the FDA of a Class III medical device under the Medical Device Act of 1976.

Dr. Knapp currently serves as Chairman of the Board of VisioNetx, Inc., a private spin-off from AcuNetx in the field of human impairment testing. Dr. Knapp also has co-founded, and serves as President of the DRL Foundation, Inc., a not-for-profit foundation providing reconstructive surgery and telehealth to developing nations.

Dr. Knapp served as a Director of Collagen Corporation from 1990 through 1996. Dr. Knapp joined Collagen Corporation and A/W Company of Washington University, St. Louis, in co-founding LipoMatrix, Inc., in 1992 to provide a rationally designed, safe breast implant for women. From 1992 through 1995, Dr. Knapp served as Chairman, President and CEO of LipoMatrix. Dr. Knapp established LipoMatrix in both the U.S.A. and in Neuchâtel, Switzerland, where he built the entire corporate infrastructure. In 1995, LipoMatrix achieved distinction as the first ISO9001 certified breast implant company in the world. While with LipoMatrix, Dr. Knapp invented the method of tagging medical devices with small passive RFID transponders to provide long-term non-invasive device identification. Dr. Knapp serves as a founding member of the Board to the Bard Center for Entrepreneurship Development at the University of Colorado, Denver. He recently served on the Advisory Board for the Governor's Office of Life Sciences and Biotechnology, a component of the Colorado Office of Innovation and Technology. Dr. Knapp also served as a Director of Image Guided Technology, Inc. (NASDAQ: IGTI) until its sale to Stryker Corporation. As founder, Chairman and CEO of PrivaComp, Inc., Dr. Knapp was a finalist for Ernst & Young's 2002 Entrepreneur of the Year in the Rocky Mountain region. Dr. Knapp served as Chief Executive Officer of AcuNetx, Inc., a publicly traded, diverse medical device and information technology company with unique products in the fields of eye movement capture and analysis, occupational safety, and osteoplastic surgery and distraction osteogenesis.

During 17 years of reconstructive plastic surgery practice, Dr. Knapp established two craniofacial anomalies panels, established and managed a nationally accredited and Medicare certified outpatient surgery center, and served the community in numerous capacities. Dr. Knapp has been a volunteer surgeon for Interplast, Inc. on 35 trips to developing nations to provide reconstructive surgery for children. Dr. Knapp founded Vector Health Programs, a community nonprofit, in 1979, and it rapidly became the 13th Medicare accredited hand and upper extremity rehabilitation center in the U.S.

Dr. Knapp has authored numerous scientific articles, book chapters and op-ed pieces for medical journals, and more than fifteen issued and several pending U.S. and foreign patents, most of them relating to transponder usage for patient-based global medical informatics systems, Internet-based medical communications channels, and for implantable bio-sensor RFID transponder-based data acquisition for physiologic parameter monitoring.

In 1970, Dr. Knapp completed his MD degree at University of Florida. In 1998, Dr. Knapp became the eighteenth graduate in the history of the University of Florida College of Medicine to be inducted into its Wall of Fame “for noteworthy contributions to medicine, education and to the benefit of the medical consumer.”

ROBERT BINKELE – Mr. Binkele, is the founder and CEO of the Estate Planning Team, Inc. Estate Planning Team, Inc. has grown to service over 2,200 securities advisors, CPAs, attorneys and other professionals nationwide with tax deferral, estate, and pension planning for their clients. Mr. Binkele is also a branch manager and investment advisor for J.P. Turner & Co., LLC. Prior to J.P. Turner & Co, LLC, Mr. Binkele was a branch manager with Brookstreet Securities Corporation. Prior to Brookstreet Securities Corporation, Mr. Binkele was a top wealth manager at Raymond James Financial Services, Inc. While at Raymond James Financial Services, Inc., he was a member of the Raymond James President’s Council and a member of the US Allianz Chairman’s Council.

Mr. Binkele earned his Bachelor of Science degree with a major in FCS finance from the University of Utah where he was honored as an Academic All American. He currently serves as the President of the Palm Springs Chapter of the University of Utah Alumni Association.

DR. H. MICHAEL SHACK - Dr. Shack, the Proxy Organizer and stockholder in Artes Medical since January 2007, is the founder and has been the operator of Dr. H. Michael Shack & Associates, an optometry practice in Newport Beach, California, since 1972. Dr. Shack assisted Dr. Max Shapiro in research to obtain FDA Approval for the first cosmetic soft contact to be marketed in the United States by Bausch & Lomb, Inc. Dr. Shack obtained a Doctorate of Optometry in 1972 from the University of Southern California School of Optometry .

ERIC DONSKY – Mr. Donsky has 15 years experience in building biotechnology and life science companies as a founder and senior manager. Mr. Donsky is the CEO of OcuSense, Inc., an in-vitro diagnostics company commercializing novel, laboratory-on-a-card technologies that enable eye care practitioners to quantitatively measure biomarkers in tears at the point-of-care so physicians can personalize treatment and objectively track patient outcomes. The Company’s TearLab™ product platform is the first and only system of its kind in the eye care markets. OcuSense is a subsidiary of a public company trading on NASDAQ and TSX and is also certified under ISO 13485. Mr. Donsky also founded Molecular BioSciences (“MBI”). MBI developed a cardiovascular device that was licensed to Medtronic. Mr. Donsky was the founding CEO of Zolaris BioSciences, Inc., an early-stage biotechnology company focused on the discovery and development of therapeutics for the treatment of rheumatoid arthritis, multiple sclerosis, and infectious diseases. Prior to founding Zolaris, Mr. Donsky was the founding CEO of Applied CarboChemicals, Inc. (“ACC”), an industrial biotechnology company that pioneered the production of chemicals and plastics from renewable resources. ACC has developed the only process capable of economically manufacturing succinic acid through fermentation.

Mr. Donsky graduated from Boston University in 1987 with a B.S. in Business Administration.

JOHAN BRAHME, M.D. – Dr. Johan Brahme is a board certified Plastic Surgeon and member of the American Society for Plastic Surgery (ASPS). He works in La Jolla, California and is a partner at the La Jolla Cosmetic Surgery Center. Dr. Brahme was among the first U.S. surgeons to incorporate Artefill in his practice and has become an enthusiastic supporter of the product, as well as a longtime shareholder in Artes Medical.

Dr. Brahme and his colleagues are in the process of establishing their La Jolla Cosmetic Surgery Center as the leading ‘Center of Excellence’ for hands-on, peer-to-peer ArteFill injection training as well as organizing practice development seminars regarding the use of injectable wrinkle treatments and other minimal invasive skin rejuvenation procedures.

Dr. Brahme has extensive experience with the clinical use of ArteFill, both in cosmetic and reconstructive applications. Dr Brahme is an innovator and has lectured on the use of ArteFill and its various potential applications on many occasions, both nationally and internationally. He will be instrumental in providing valuable feedback to the Company as to product performance, market perception and training/marketing strategies.

Dr. Brahme received his surgical training at the UCSD School of Medicine and graduated with honors from both the general surgery and plastic surgery program in. Dr. Brahme has an extensive research background and has published in leading peer reviewed medical journals. Dr. Brahme has also been an active participant in the international surgical relief programs Interface and Fresh Start.

Dr. Brahme is an Associate Clinical Professor of Surgery at UC San Diego School of Medicine and is the past President of the San Diego Plastic Surgery Society.

WILLIAM KACHIOFF (Proposed Chief Financial Officer) – Mr. Kachioff is currently a partner of Tatum, LLC, a national executive services firm focused on the office of the Chief Financial Officer. Mr. Kachioff has 18 years of experience with extensive operational, financial and management experience. Mr. Kachioff is the acting Chief Financial Officer at Clariant, Inc. From 2002 through 2006, Mr. Kachioff was the Chief Financial Officer of Microislet, Inc. From 1998 through 2001, Mr. Kachioff was the Chief Financial Officer of Cutera, Inc. Mr. Kachioff has experience in all aspects of financial management, SEC reporting, accounting, legal affairs, treasury, and investor relations for early-stage to mature life science businesses. Mr. Kachioff has completed a wide variety of financing transactions of approximately \$100 million. Mr. Kachioff built and managed responsive finance operations teams and systems for both public and private companies.

The Proxy Organizer intends to vote, and recommends that you vote, for this proposal.

INFORMATION REGARDING ALL NOMINEES

All transactions in securities of the Company engaged in by any Nominee during the past two years, as well as current ownership of any such securities by any Nominee, are listed on Appendix I. No Nominee is a beneficial owner of shares of common stock of the Company. In addition, and except as stated herein, no Nominee or any of their associates has any agreement or understanding with respect to future employment by the Company, and no such person has any agreement or understanding with respect to any future transactions to which the Company will or may be a party.

Except as described herein, no Nominee nor any of their associates (i) has engaged in or had a direct or indirect interest in any transaction or series of transactions since the beginning of the Company's last fiscal year or in any currently proposed transaction, to which the Company or any of its subsidiaries is a party, (ii) owns beneficially or of record any securities of the Company, (iii) borrowed any funds for the purpose of acquiring or holding any securities of the Company or is presently, or has been within the past year, a party to any contract, arrangement or understanding, with any person with respect to securities of the Company.

AGREEMENTS WITH NOMINEES

The Proxy Organizer is entering into letter agreements (the "Nominee Agreements") with each of the Nominees with respect to their service as Nominees, to stand for election as Directors of the Company at the Annual Meeting. The Nominee Agreements each provide, among other things, as follows:

- The Nominee acknowledges that he has agreed to become a member of the slate of Nominees to stand for election as Directors of the Company in connection with a proxy contest with management of the Company in respect of the election of Directors of the Company at the Annual Meeting;
 - The Proxy Organizer agrees to pay the costs of the proxy contest; and
- The Nominee agrees to withdraw as a Nominee of the Proxy Organizer if requested to do so by the Proxy Organizer at any time prior his election as a Director of the Company.

OTHER MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

Except as set forth above, the Proxy Organizer is not aware of any other proposals to be brought before the Annual Meeting. Should other proposals be brought before the Annual Meeting, the persons named on the blue proxy card will abstain from voting on such proposals unless such proposals adversely affect the interests of the Proxy Organizer and/or the Nominees as determined by the Proxy Organizer in its sole discretion, in which event such persons will vote on such proposals at their discretion.

VOTING PROCEDURES

Only Stockholders of record as of the Record Date are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof. On March 31, 2008, there were 16,514,163 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote on the matters to be presented at the Annual Meeting.

A majority of the shares outstanding must be present in person or by proxy to constitute a quorum at the Annual Meeting. If a share is represented for any purpose at the Annual Meeting, it is deemed to be present for all other

matters. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum. "Broker Non-votes" are shares held by brokers or nominees which are present in person or represented by proxy, but which are not voted on a particular matter because instructions have not been received from the beneficial owner. Under applicable Delaware law, the effect of broker nonvotes on a particular matter depends on whether the matter is one as to which the broker or nominee has discretionary voting authority. The effect of broker nonvotes on the specific items to be brought before the Annual Meeting is discussed under each item.

According to the Delaware General Corporation Law, directors are elected by a plurality of the votes cast by the holders of Company's Common Stock at a meeting at which a quorum is present, when the bylaws of the Company do not state otherwise. Plurality means that the number of votes cast for a director in a contest of two or more directors that is greater than the number cast for any other candidate but not more than half the total votes cast.

According to the bylaws of the Company and applicable law, removal of a director and amendments to the bylaws of the Company require a majority vote of the current outstanding shares of the Company.

PROXY PROCEDURES

IN ORDER FOR YOUR VIEWS TO BE REPRESENTED AT THE ANNUAL MEETING, PLEASE MARK, SIGN, DATE AND RETURN THE ENCLOSED BLUE PROXY CARD AND RETURN IT TO PROXY ORGANIZER C/O MACKENZIE PARTNERS, INC. IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE.

The accompanying blue proxy card will be voted at the Annual Meeting in accordance with your instructions on such card.

Any proxy may be revoked at any time prior to the time a vote is taken by delivering to the Secretary of the Company a notice of revocation bearing a later date, by a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person.

Only holders of record as of the close of business on the Record Date will be entitled to vote. If you were a Stockholder of record on the Record Date, you will retain your voting rights of the Annual Meeting even if you sell such shares after the Record Date. Accordingly, it is important that you vote the shares held by you on the Record Date, or grant a proxy to vote such shares on the blue proxy card, even if you sell such shares after the Record Date.

SOLICITATION OF PROXIES

Solicitation of proxies shall be made only by the Proxy Organizer.

The Proxy Organizer has retained MacKenzie Partners, Inc. (the "Solicitor") to conduct the solicitation, for which the Solicitor is to receive a fee of approximately \$75,000, plus reimbursement for its reasonable out-of-pocket expenses. The Proxy Organizer has agreed to indemnify the Solicitor against certain liabilities and expenses, including liabilities under federal securities laws. Proxies may be solicited by mail, courier services, advertising, telephone, telecopier, e-mail or in person. It is anticipated that the Solicitor will employ approximately 25 persons to solicit Stockholders for the Annual Meeting.

Costs related to the solicitation of proxies, including expenditures for attorneys, accountants, public relations and financial advisers, proxy solicitors, payments to nominees, advertising, printing, transportation and related expenses and filing fees, will be borne by the Proxy Organizer. Such costs are expected to be approximately \$250,000 in total. The Proxy Organizer intends to seek reimbursement for the costs and expenses associated with the proxy solicitation in the event that the Nominees are elected to the Board of Directors of the Company, but does not intend to submit the issue of reimbursement to a vote of security holders.

CERTAIN INFORMATION REGARDING PROXY ORGANIZER

On June 30, 2008, the Proxy Organizer determined that he was not satisfied with current management of the Company and decided to explore available options to maximize stockholder value. The business address of the Proxy Organizer is 19 Burning Tree Road, Newport Beach, CA 92660.

All transactions in the securities of the Company effected within the past two years by Proxy Organizer will be contained in Appendix I.

DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

The rules of the SEC permit stockholders of the Company, after notice to the Company, to present proposals for stockholder action in the Company's proxy statement where such proposals are consistent with applicable law, pertain to matters appropriate for stockholder action, and are not properly omitted by Company action in accordance with the proxy rules published by the SEC. The Company's 2009 annual meeting of stockholders is expected to be held on or about October 30, 2009. Proposals of stockholders of the Company that are intended to be presented at the Company's 2009 annual meeting must be received by the Company no later than June 2, 2009, in order for them to be included in the proxy statement and form of proxy relating to that meeting.

CONCLUSION

If Proposal #1, amendment of the Bylaws of the Company to allow a majority of the Stockholders to fill vacancies or newly created directorships on the Board of Directors, is not passed, Proposals #2, #3, and #4 will become moot as the Stockholders will not be able to fill vacancies on the Board of Directors. However, even if Proposal #1 is not successful, Proposal #5 will still be effective as two Class II Directors' terms are expiring and the Proxy Organizer seeks to elect two new Nominees to these Board seats.

THE PROXY ORGANIZER STRONGLY URGES YOU TO VOTE FOR THE TWO AMENDMENTS TO THE BYLAWS, REMOVAL OF THREE OF THE CURRENT BOARD OF DIRECTORS OF THE COMPANY, THE ELECTION OF THE NOMINEES, AND THE PROPOSED FINANCING BY SIGNING, DATING AND RETURNING THE ENCLOSED PROXY IN THE POSTAGE-PAID ENVELOPE PROVIDED TO YOU WITH THIS PROXY STATEMENT. IF YOU HAVE SIGNED THE BLUE PROXY CARD AND NO MARKING IS MADE ON IT, YOU WILL BE DEEMED TO HAVE GIVEN A DIRECTION TO VOTE THE SHARES REPRESENTED BY THE BLUE PROXY CARD FOR THE AMENDMENTS TO THE BYLAWS, THE REMOVAL OF THREE OF THE CURRENT BOARD OF DIRECTORS OF THE COMPANY, AND FOR THE ELECTION OF ALL OF THE NOMINEES.

PROXY ORGANIZER

Dr. H. Michael Shack
Date: September 30, 2008

IMPORTANT

1. If your shares are held in your own name, please mark, date and mail the enclosed blue proxy card to the Proxy Organizer, in the postage-paid envelope provided.
2. If your shares are held in the name of a brokerage firm, bank nominee or other institution, only it can vote such shares and only upon receipt of your specific instructions. Accordingly, you should contact the person responsible for your account and give instructions for a blue proxy card to be signed representing your shares.

ONLY YOUR LATEST DATED PROXY FOR THE ANNUAL MEETING WILL COUNT AT THE ANNUAL MEETING.

If you have questions or need assistance voting your
shares please contact:

105 Madison Avenue
New York, New York 10016
proxy@mackenziepartners.com
Call Collect: (212) 929-5500
or
Toll-Free (800) 322-2885

APPENDIX I

SUPPLEMENTAL NOMINEE AND OTHER INFORMATION

Set forth below is (a) the name and business address of each of the Nominees in the solicitation made pursuant to this Proxy Statement, and (b) the dates, types and amounts of each Nominee's purchases and sales of the Company's debt and equity securities within the past two years.

Name and Business Address	Transaction Date	Number of Securities Purchased	Number of Securities Sold	Current Ownership	
Dr. H. Michael Shack 19 Burning Tree Road Newport Beach, CA 92660	1/10/2007	2,500		2,500	
	1/10/2007	500		3,000	
	1/10/2007			5,000	
	1/10/2007	2,000		7,500	
	1/10/2007	2,500		8,000	
	1/10/2007	500		10,000	
	1/11/2007	300		10,300	
	1/11/2007	700		11,000	
	1/11/2007	300		11,300	
	1/11/2007	200		11,500	
	1/11/2007	600		12,100	
	1/11/2007		1,000	11,100	
	1/11/2007		1,500	9,600	
	1/11/2007	300		9,900	
	1/11/2007	700		10,600	
	1/11/2007	300		10,900	
	1/17/2007			10,900	
	1/17/2007	1,000		11,900	
	1/17/2007		1,500	10,400	
	1/17/2007			1,600	8,800
	1/17/2007			1,500	7,300
	1/18/2007	1,000			8,300
	1/19/2007	1,000			9,300
	1/19/2007	1,000			10,300
	1/19/2007	1,000			11,300
	1/19/2007	500			11,800
	1/19/2007	500			12,300
	1/19/2007	1,000			13,300
	1/19/2007			500	12,800
	1/19/2007			500	12,300
1/19/2007			1,000	11,300	
1/19/2007			200	11,100	
1/22/2007			1,000	10,100	
1/22/2007	700			10,800	
1/22/2007	500			11,300	
1/23/2007			1,500	9,800	

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1/23/2007		1,000	8,800
1/23/2007		1,500	7,300
1/24/2007	1,000		8,300
1/24/2007	100		8,400
1/24/2007	900		9,300
1/24/2007	1,000		10,300
1/24/2007		1,000	9,300
1/25/2007	100		9,400
1/25/2007	250		9,650
1/25/2007	100		9,750
1/25/2007	150		9,900
1/25/2007	200		10,100

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1/25/2007	450		10,550
1/26/2007		100	10,450
1/26/2007		100	10,350
1/26/2007		100	10,250
1/26/2007		100	10,150
1/26/2007		100	10,050
1/26/2007		100	9,950
1/26/2007		100	9,850
1/26/2007		100	9,750
1/26/2007		250	9,500
1/26/2007		400	9,100
1/26/2007	200		9,300
2/1/2007		50	9,250
2/1/2007		400	8,850
2/1/2007		550	8,300
2/1/2007		1,000	7,300
2/1/2007	200		7,500
2/1/2007	550		8,050
2/1/2007		750	7,300
2/2/2007	800		8,100
2/2/2007	200		8,300
2/2/2007	1,500		9,800
2/2/2007	500		10,300
2/2/2007		1,000	9,300
2/2/2007	875		10,175
2/6/2007	750		10,925
2/8/2007	1,000		11,925
2/12/2007	1,500		13,425
2/12/2007	1,000		14,425
2/12/2007	1,000		15,425
2/12/2007	1,500		16,925
2/12/2007	675		17,600
2/12/2007	1,000		18,600
2/12/2007			