

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

DATATRAK INTERNATIONAL INC

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

January 21, 2009

DATATRAK International, Inc.

(Exact name of registrant as specified in its charter)

Ohio

000-20699

34-1685364

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

6150 Parkland Boulevard, Mayfield Hts., Ohio

44124

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

440-443-0082

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Departure of Dr. Jeffrey A. Green, Chief Executive Officer.

Effective January 21, 2009, Dr. Jeffrey A. Green stepped down from his position as Chief Executive Officer of the Company, as well as a member of the Company's Board of Directors (the "Board") in connection with a mutually desired management transition.

In connection with his separation from the Company, Dr. Green entered into a Separation Agreement and Release of Claims (the "Separation Agreement") pursuant to which, among other things, Dr. Green will be entitled to the rights, obligations, payments and benefits as provided by the Employment Agreement between the Company and Dr. Green, dated February 5, 2001, as subsequently amended on December 31, 2008 (the "Employment Agreement"), in the event of a "Termination by Employee for Good Reason" (as such term is defined in the Employment Agreement). Pursuant to the Employment Agreement, Dr. Green will continue to receive his salary at a rate equal to the rate received immediately prior to his separation from the Company for a period of twenty-four (24) months, commencing on the first regular payday following January 21, 2009 (the "Date of Separation") through and including January 20, 2011. In addition, commencing on the Date of Separation and continuing for a period of twenty-four (24) months (the "Consulting Period"), Dr. Green will provide certain advisory and consulting services regarding the business of the Company ("Consulting Services"). As additional consideration for his Consulting Services, the Company will pay Dr. Green a one-time retainer of \$1,000 and provide certain health/medical insurance benefits during the three-month period following the Date of Separation. Dr. Green's Consulting Services will be subject to the Indemnification Agreement dated February 29, 1996 between the Company and Dr. Green.

The Separation Agreement includes a mutual release of claims each party may have against the other. The Separation Agreement also provides that notwithstanding anything to the contrary in any of the stock option agreements between the Company and Dr. Green, Dr. Green shall only have the right to exercise stock options under such stock option agreements for a period of ninety (90) days following the Date of Separation.

In accordance with the requirements of the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act, Dr. Green may revoke the Separation Agreement at any time prior to January 28, 2009.

The Separation Agreement is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing discussion of the terms and conditions of the Separation Agreement is qualified in its entirety by reference to the full text of such exhibit.

On January 21, 2009, the Company issued a press release announcing Dr. Green's separation from the Company. A copy of the press release is attached hereto as Exhibit 99.1 and furnished herewith.

(c) Appointment of Laurence P. Birch as Interim Chief Executive Officer.

Effective January 21, 2009, the Board appointed Laurence P. Birch as Interim Chief Executive Officer. Mr. Birch will continue to serve as the Chairman of the Board in addition to his service as Interim Chief Executive Officer.

Mr. Birch, 49, has served on the Board since April 16, 2007, and as chairman since May 15, 2008. The information regarding Mr. Birch required under Items 401(b), (d) and (e) of Regulation S-K is included under the heading "Election of Directors" of the Company's definitive Proxy Statement, dated May 8, 2008, and is incorporated herein by reference.

Following his appointment as Interim Chief Executive Officer and for so long as he remains in such position, Mr. Birch will not qualify as an "independent" director under the listing standards of the Nasdaq Stock Market. As a result, the Company intends to make appropriate changes in the composition of various committees of the Board.

There is no arrangement or understanding between Mr. Birch and any other person pursuant to which Mr. Birch was appointed as Interim Chief Executive Officer. There are no transactions in which Mr. Birch has an interest that are required to be disclosed under Item 404(a) of Regulation S-K.

(c) Appointment of Raymond J. Merk as Chief Operating Officer.

Effective January 21, 2009, the Board appointed Raymond J. Merk as Chief Operating Officer. Mr. Merk will continue to serve as the Company's Vice President of Finance, Chief Financial Officer and Treasurer, in addition to his service as Chief Operating Officer.

Mr. Merk, 49, joined the Company in July 2006 as our Controller and has been Vice President of Finance, Chief Financial Officer and Treasurer since August 2007. From April 2000 to July 2006 Mr. Merk served as Director of Finance for EmployOn, Inc., an aggregator of online job postings.

There is no arrangement or understanding between Mr. Merk and any other person pursuant to which Mr. Merk was appointed as Chief Operating Officer. There are no transactions in which Mr. Merk has an interest that are required to be disclosed under Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

10.1 Separation Agreement and Release of Claims dated January 21, 2009 between DATATRAK International, Inc. and Dr. Jeffrey A. Green.

99.1 Press release dated January 21, 2009.

Certain statements made in this Form 8-K, other SEC filings or written materials or orally made by the Company or its representatives may constitute forward-looking statements that are based on management's current beliefs, estimates and assumptions concerning the operations, future results and prospects of the Company and the clinical pharmaceutical research industry in general. All statements that address operating performance, events or developments that management anticipates will occur in the future, including statements related to future revenue, profits, expenses, cost reductions, cash management alternatives, restructuring our debt, raising additional funds, income and earnings per share or statements expressing general optimism about future results, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). In addition, words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," variations of such words, and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to the safe harbors created in the Exchange Act. Factors that may cause actual results to differ materially from those in the forward-looking statements include the limited operating history on which the Company's performance can be evaluated; the ability of the Company to continue to enhance its software products to meet customer and market needs; fluctuations in the Company's quarterly results; the viability of the Company's business strategy and its early stage of development; the timing of clinical trial sponsor decisions to conduct new clinical trials or cancel or delay ongoing trials; the Company's dependence on major customers; government regulation associated with clinical trials and the approval of new drugs; the ability of the Company to compete in the emerging EDC market; losses that potentially could be incurred from breaches of contracts or loss of customer data; the inability to protect intellectual property rights or the infringement upon other's intellectual property rights; delisting of the Company's common

shares from the Nasdaq due to our failure to continue to meet applicable Nasdaq Capital Market requirements; the Company's success in integrating ClickFind's operations into its own operations and the costs associated with maintaining and developing two product suites; the effects and outcomes of the Company's exploration of potential opportunities directed at maximizing shareholder value; and general economic conditions such as the rate of employment, inflation, interest rates and the condition of capital markets. This list of factors is not all inclusive. In addition, the Company's success depends on the outcome of various strategic initiatives it has undertaken, all of which are based on assumptions made by the Company concerning trends in the clinical research market and the health care industry. Any forward-looking statement speaks only as of the date on which such statement is made and the Company does not undertake any obligation to update any statements whether as a result of new information, future events or otherwise.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DATATRAK International, Inc.

January 26, 2009

By: */s/ Raymond J. Merk*

Name: Raymond J. Merk

*Title: Vice President of Finance, Chief Financial Officer,
Chief Operating Officer and Treasurer*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Separation Agreement and Release of Claims dated January 21, 2009 between DATATRAK International, Inc. and Dr. Jeffrey A. Green.
99.1	Press release dated January 21, 2009.

SEPARATION AGREEMENT AND RELEASE OF CLAIMS

THIS SEPARATION AGREEMENT AND RELEASE (“Agreement”), is made and entered into by and between DATATRAK International, Inc. (“Company”) and Dr. Jeffrey A. Green (“Employee”) on the dates written below.

WITNESSETH:

WHEREAS, pursuant to an Employment Agreement between the Company and Employee dated February 5, 2001, as subsequently amended on December 31, 2008 (the “Employment Agreement”), Employee has been employed by the Company, most recently as its Chief Executive Officer; and

WHEREAS, in connection with a mutually desired management transition, Employee will be separated from the employment of the Company effective January 21, 2009; and

WHEREAS, the Company and Employee wish to resolve all matters and issues between them arising from or relating to Employee’ s employment by the Company and Employee’ s separation from employment by the Company, and to provide for Employee’ s performance of transition consulting services.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, Employee and the Company hereby agree as follows:

ARTICLE I**CONSIDERATION**

Section 1.1. **Separation from Employment & Salary Continuation**. Employee will be separated from the employment of the Company effective January 21, 2009 (the “Date of Separation”). The parties acknowledge and agree that Employee’ s separation will be treated as a “Termination by Employee for Good Reason” under the provisions of Section 8.6 of the Employment Agreement. After the Effective Date of this Agreement as set forth in Section 4.8 herein, and beginning on the first regular payday of the Company following the Date of Separation, the Company will continue Employee’ s pay for a period of twenty-four (24) months, thereby extending Employee’ s pay through and including January 20, 2011 (the “Salary Continuation Period”). Any and all payments hereunder shall be paid at Employee’ s rate immediately preceding Employee’ s termination, less applicable payroll taxes and withholdings, payable through the Company’ s normal payroll process.

Section 1.2. **Paid Time Off**. On the first regular payday of the Company following the Date of Separation, the Company will, in accordance with the Company’ s standard policy, pay Employee for all earned but unused paid time off, less applicable payroll taxes and withholdings, up to a maximum of 200 hours.

Section 1.3. **Benefit Continuation**. The Company will provide Employee with the medical benefits he was receiving prior to the Date of Separation, on the same basis as such benefits were provided prior to the Date of Separation, through and including January 21, 2009. Thereafter, Employee shall be entitled to continuation of coverage under the Company’ s health/medical insurance plan pursuant to any rights he may have under the federal Consolidated Omnibus Budget Reconciliation Act, as amended (“COBRA”), part VI of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended; Internal Revenue Code §4980(B)(f). During the period January 21, 2009 through April 20, 2009, in the event that Employee is not otherwise eligible for health/medical insurance from his then-current employer (if any), the Company will pay that portion of the COBRA

premium that it pays toward the cost of the medical benefit coverage for active senior executives, with the remainder of the monthly COBRA premium during that period payable by Employee. Any COBRA coverage beyond April 20, 2009 will be at Employee's sole expense.

Section 1.4. Consulting Services.

(a) Consulting Period. Beginning on the Date of Separation, Employee shall serve the Company in the capacity of Consultant for a twenty-four (24) month period through and including January 20, 2011, which period may be extended by mutual agreement of the parties (the "Consulting Period").

(b) Consulting Services. Throughout the Consulting Period, Employee shall make himself reasonably available to perform in person, by telephone, or by other means of communication as deemed appropriate by the Company and Employee, such advisory and consulting services with respect to matters concerning the business of the Company, including, without limitation, matters related to customer relationships, strategic initiatives, investor relations and capital raising activities, as may be reasonably requested from time-to-time by the Company's then Chief Executive Officer or other executives as directed by the then Chief Executive Officer; *provided, however*, that such services shall not exceed 150 hours per calendar quarter. In determining reasonable availability, due consideration shall be given to Employee's other business, employment and personal commitments.

(c) Consulting Retainer and Expenses. The Company shall, upon the date this Agreement becomes effective pursuant to Section 4.8 hereof, pay Employee a one-time retainer of \$1,000.00 as additional consideration for his consulting services. Other than as set forth in Section 1.1, Section 1.3 and the retainer described in Section 1.4(c) hereof, Employee shall not be entitled to receive any further compensation for his consulting services. However, the Company will compensate Employee for reasonable expenses incurred in connection with the performance of his consulting services. Within thirty days of the end of each month in which Employee incurs expenses in his capacity as Consultant, Employee shall submit to the Company an invoice detailing such expenses, payable within thirty days following receipt by the Company.

(d) Independent Contractor Status. During the Consulting Period, Employee shall be deemed for all purposes to be an independent contractor and not an "employee." The parties agree that the advisory and consulting services with respect to matters concerning the business of the Company performed by Employee pursuant to this Section 1.4 during the term of this Agreement and the Consulting Period will be subject to the Indemnification Agreement dated February 29, 1996 between the parties (the "Indemnification Agreement").

(e) Confidentiality. Any Proprietary Information, as defined in Section 9.2 of the Employment Agreement, which Employee learns, develops or otherwise obtains during the course of providing the Consulting Services shall be subject to all confidentiality obligations set forth in Section 9.2 of the Employment Agreement.

Section 1.5. Stock Options. Notwithstanding anything to the contrary in any of the Stock Option Agreements between the Company and Employee dated December 9, 1999, June 4, 2002, December 23, 2003 and December 28, 2004 (collectively, the "Stock Option Agreements") or any of the Company's stock option plans governing such Stock Option Agreements, Employee shall only have the right to exercise stock options under such Stock Option Agreements for a period of ninety (90) days following the Date of Separation, subject to the other terms and conditions set forth in such Stock Option Agreements. Notwithstanding the foregoing, Employee acknowledges that the failure to exercise any Stock Option Agreement intended to qualify as an Incentive Stock Option (an "ISO") under Section 422 of the Internal Revenue Code (the "Code") within the limited exercise period set forth in such Stock Option Agreement shall cause such stock option to be disqualified as an ISO and may, if later exercised, subject Employee to significant negative tax consequences under Section 409A of the Code.

Section 1.6. Adequacy of Consideration. Employee hereby agrees and acknowledges that the items described in Sections 1.1, 1.2, 1.3, 1.4, and 2.2 of this Agreement are over and above any entitlements, severance or otherwise, that he may have by reason of his separation from employment with the Company, and that such payments and

amounts constitute adequate consideration for all of Employee' s covenants and obligations set forth herein, including, but not limited to, the Release of Claims set forth in Article II of this Agreement.

ARTICLE II

RELEASE OF CLAIMS

Section 2.1. Employee' s Release. In consideration of the promises and agreements set forth herein, Employee does hereby for himself and for his heirs, executors, successors and assigns, release and forever discharge the Company, its parent company(ies), subsidiaries, divisions, and affiliated businesses, direct or indirect, if any, together with its and their respective officers, directors, shareholders, management, representatives, agents, employees, successors, assigns, and attorneys, both known and unknown, in both their personal and agency capacities (collectively, the "Company Entities") of and from any and all claims, demands, damages, actions or causes of action, suits, claims, charges, complaints, contracts, whether oral or written, express or implied and promises, at law or in equity, of whatsoever kind or nature, including but not limited to any alleged violation of any state or federal anti-discrimination statutes or regulations, including but not limited to Title VII of The Civil Rights Act of 1964 as amended, ERISA, The Americans With Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, breach of any express or implied contract or promise, wrongful discharge, violation of public policy, or tort, all demands for attorney' s fees, back pay, holiday pay, vacation pay, bonus, group insurance, any claims for reinstatement, all employee benefits and claims for money, out of pocket expenses, any claims for emotional distress, degradation, humiliation, that Employee might now have or may subsequently have, whether known or unknown, suspected or unsuspected, by reason of any matter or thing, arising out of or in any way connected with, directly or indirectly, any acts or omissions of the Company or any of its directors, officers, shareholders, employees and/or agents arising out of Employee' s employment and termination from employment which have occurred prior to and throughout the term of this Agreement, **except** those matters specifically set forth herein and **except** for any pension or retirement benefits which may have vested on Employee' s behalf, if any. Notwithstanding the foregoing, nothing herein shall be construed to release any claim or obligation arising under this Agreement, or the obligation of the Company to indemnify or advance expenses pursuant to the Indemnification Agreement, any director and officer or other insurance coverage of the Company, the general corporate laws of any applicable jurisdiction, the Company' s articles of incorporation, by-laws, code of regulations or other charter documents, or any other agreement between the Company and Employee.

Section 2.2. Release by Company Entities. The Company Entities hereby release and forever discharge Employee, his heirs, executors, successors, and assigns, from any and all claims, demands, actions or causes of action, charges, complaints, damages, liabilities or suits at law or equity, of whatsoever kind or nature, both known or unknown, that the Company Entities have or may have by reason of any matter or thing arising out of, or in any way connected with, directly or indirectly, any act, omission, or event that has occurred prior to the Effective Date of this Agreement. This Release by Company Entities does not apply to the rights and entitlements of the Company Entities under this Agreement.

Section 2.3. Older Workers Benefit Protection Act ("OWBPA"). Employee recognizes and understands that, by executing this Agreement, he shall be releasing the Company Entities from any claims that he now has, may have, or subsequently may have under the Age Discrimination in Employment Act of 1967, 29 U.S.C. §§621, et seq., as amended, by reason of any matter or thing arising out of, or in any way connected with, directly or indirectly, any acts or omissions which have occurred prior to and including the Effective Date of this Agreement. In other words, Employee will have none of the legal rights against the aforementioned that he would otherwise have under the Age Discrimination in Employment Act of 1967, 29 U.S.C. §§621, et seq., as amended, by his signing this Agreement.

Section 2.4. Consideration Period. The Company hereby notifies Employee of his right to consult with his chosen legal counsel before signing this Agreement. The Company shall afford, and Employee acknowledges receiving, not less than twenty-one (21) calendar days in which to consider this Agreement to ensure that Employee' s

execution of this Agreement is knowing and voluntary. In signing below, Employee expressly acknowledges that he has been afforded the opportunity to take at least twenty-one (21) days to consider this Agreement and that his execution of same is with full knowledge of the consequences thereof and is of his own free will.

Notwithstanding the fact that the Company has allowed Employee twenty-one (21) days to consider this Agreement, Employee may elect to execute this Agreement prior to the end of such 21-day period. If Employee elects to execute this Agreement prior to the end of such 21-day period, then by his signature below, Employee represents that his decision to accept this shortening of the time was knowing and voluntary and was not induced by fraud, misrepresentation, or any threat to withdraw or alter the benefits provided by the Company herein, or by the Company providing different terms to any similarly-situated employee executing this Agreement prior to end of such 21-day consideration period.

Section 2.5. Revocation Period. Both the Company and Employee agree and recognize that, for a period of seven (7) calendar days following Employee's execution of this Agreement, Employee may revoke this Agreement by providing written notice revoking the same, within this seven (7) day period, delivered by hand or by certified mail, addressed to Varnesh Sritharan, DATATRAK International, Inc., 6150 Parkland Boulevard, Suite 100, Mayfield Heights, Ohio 44124, delivered or postmarked within such seven (7) day period. In the event Employee so revokes this Agreement, each party will receive only those entitlements and/or benefits that he/it would have received regardless of this Agreement.

Section 2.6. Acknowledgments. Employee acknowledges that Employee has carefully read and fully understands all of the provisions of this Agreement, that Employee has not relied on any representations of the Company or any of its representatives, directors, officers, employees and/or agents to induce Employee to enter into this Agreement, other than as specifically set forth herein and that Employee is fully competent to enter into this Agreement and has not been pressured, coerced or otherwise unduly influenced to enter into this Agreement and that Employee has voluntarily entered into this Agreement of Employee's own free will.

ARTICLE III

OTHER OBLIGATIONS OF EMPLOYEE

Section 3.1. Company Property. On or before January 23, 2009, Employee shall return the original and all copies of all property belonging to the Company, including, but not limited to, all confidential and/or proprietary information, keys, business equipment, computer software and/or hardware, PC and accessories, connectors, holster, Orinco card, printer, projector, marketing and sales materials (including all bids and related paperwork), customer lists and contact information, backup tapes, and files, and technical manuals and other information.

Section 3.2. Non-Disparagement. Employee and the Company each agree that they will not defame, disparage, criticize or otherwise speak of the other party or their products, services, subsidiaries, divisions, parents, affiliates, successors, predecessors, or current or former employees, managers, directors, officers or agents in a negative, derogatory or unflattering manner. Further, Employee and the Company agree that under no circumstances may they disclose or cause to be disclosed to the media any material, negative or detrimental information relating to the other party or their products, services, subsidiaries, divisions, affiliates, parents, successors or current or former officers, directors, employees, managers or agents.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and, with the exceptions of any provision of Section 9 of the Employment Agreement, the provisions of the Stock Option Agreements, and all provisions of the Indemnification Agreement, replaces any prior agreements, contracts and/or

promises, whether written or oral, with respect to the subject matters included herein. This Agreement may not be changed orally, but only in writing, signed by each of the parties hereto.

Section 4.2. Warranty/Representation. Employee and the Company each warrant and represent that, prior to and including the Effective Date of this Agreement, no claim, demand, cause of action, or obligation which is subject to this Agreement has been assigned or transferred to any other person or entity, and no other person or entity has or has had any interest in any such claims, demands, causes of action or obligations, and that each has the sole right to execute this Agreement.

Section 4.3. Invalidity. The parties to this Agreement agree that the invalidity or unenforceability of any one (1) provision or part of this Agreement shall not render any other provision(s) or part(s) hereof invalid or unenforceable and that such other provision(s) or part(s) shall remain in full force and effect.

Section 4.4. Resignation as Officer and Director. By way of his execution of this Agreement, unless further action on his part is necessary or advisable (in which case Employee hereby agrees to take such action at the Company's expense), Employee resigns as an officer and director of the Company and, to the extent applicable, as an officer and/or director of each of its related/affiliated business entities, including but not limited to DATATRAK, Inc. and DATATRAK Deutschland GmbH, and further resigns as a trustee of their respective benefit plans.

Section 4.5. No Assignment. This Agreement is personal in nature and shall not be assigned by Employee. All payments and benefits provided Employee herein shall be made to his estate in the event of his death prior to his receipt thereof.

Section 4.6. Originals. Two (2) copies of this Agreement shall be executed as "originals" so that both Employee and the Company may possess an "original" fully executed document. The parties hereto expressly agree and recognize that each of these fully executed "originals" shall be binding and enforceable as an original document representing the agreements set forth herein.

Section 4.7. Governing Law. This Agreement shall be governed under the laws of the State of Ohio.

Section 4.8. Effective Date. This Agreement shall become effective only upon (a) execution of this Agreement by Employee after the expiration of the twenty-one (21) day consideration period described in Section 2.4 of this Agreement, unless such consideration period is shortened as provided by law; and (b) the expiration of the seven (7) day period for revocation of this Agreement by Employee described in Section 2.5 of this Agreement.

Section 4.9. Compliance with Code Section 409A. It is the intention and purpose of the Company that this Agreement shall be, at all relevant times, in compliance with (or exempt from) Code Section 409A and all other applicable laws, and this Agreement shall be so interpreted and administered. The Company specifically retains the unilateral right (but not the obligation) to make, prospectively or retroactively, any amendment to this Agreement or any related document as it deems necessary or desirable to more fully address issues in connection with compliance with (or exemption from) Code Section 409A and such other laws. In no event, however, shall this Section 4.9 or any other provisions of this Agreement be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Agreement and the Company shall have no responsibility for tax or legal consequences to Employee (or his beneficiary) resulting from the terms or operation of this Agreement.

CAUTION TO EMPLOYEE: READ BEFORE SIGNING. THIS DOCUMENT CONTAINS A RELEASE OF ALL CLAIMS AGAINST THE COMPANY ENTITIES PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT.

IN WITNESS WHEREOF, Employee and the Company agree as set forth above:

DATE OF RECEIPT BY EMPLOYEE:
1/20/09

DATE OF EXECUTION BY EMPLOYEE:
1/20/09

DATE OF EXECUTION BY COMPANY:
1/20/09

SIGNATURE OF EMPLOYEE
ACKNOWLEDGING DATE OF
RECEIPT:

/s/ Jeffrey A. Green

RECEIPT WITNESSED BY:

/s/ Varnesh Sritharan

AGREED TO AND ACCEPTED BY:

/s/ Jeffrey A. Green

EXECUTION WITNESSED BY:

/s/ Varnesh Sritharan

AGREED TO AND ACCEPTED BY:

DATATRAK INTERNATIONAL, INC.

BY: /s/ Laurence P. Birch

TITLE: Chairman of the Board

EXECUTION WITNESSED BY:

/s/ Raymond J. Merk

DATATRAK ANNOUNCES RETIREMENT OF CHIEF EXECUTIVE OFFICER

CLEVELAND, Ohio – January 21, 2009 – DATATRAK International, Inc. (NasdaqCM: DATA), a technology and services company focused on global eClinical solutions for the clinical trials industry, today announced that Jeffrey A. Green, Pharm.D., FCP, will step down as Chief Executive Officer of the Company and also as a member of its Board of Directors to pursue other opportunities, effective immediately.

“I want to take this opportunity to thank Jeff for his dedication and contributions to DATATRAK over the last 17 years,” commented Laurence P. Birch, Chairman of the Board of DATATRAK International. “Since early 2008, DATATRAK has revamped its management team allowing for an influx of new ideas, new strategies and new energy. In that short period of time, the team has made great strides in re-positioning DATATRAK.”

Calendar 2008 included the following strategic initiatives:

- Reducing the annual cost structure to a level comparable to 2004 when the Company recorded Net Income of \$817,000

- Consolidating DATATRAK’s German Help Desk into its Cleveland office resulting in significant cost savings and streamlined operations

- Successfully negotiating the elimination of the \$3 million balloon payment originally due February 1, 2009 relating to the 2006 ClickFind, Inc. acquisition

- Increasing Q3 2008 revenues by 12% over the prior year same period

- Increasing Q3 2008 Gross Profit margin to 76% as compared to 50% in the prior year third quarter

Mr. Birch continued, “While 2008 has been focused on restructuring our operations to more appropriately align DATATRAK’s cost structure with our backlog levels and anticipated revenues, we believe we are now in a position to shift our efforts entirely to maximizing operational performance. In 2009, we will re-establish our focus on existing and potential clients with the goal of addressing their needs in electronic data collection. While the current economic climate has impacted the clinical trial industry, we are a leaner organization today than we have been historically, and believe we have the agility to navigate through this difficult environment. The strength of our team and offering will enable us to take advantage of the large opportunity that exists for DATATRAK once the market begins to recover.”

Dr. Green stated, “Although my decision to step down from my day-to-day role in DATATRAK’s operations was difficult, my ongoing conversations with Larry, the Executive Team and the rest of the Board leaves me with great confidence that the strategy this team has implemented will enable the Company to capitalize on its long-term growth opportunities.”

While Dr. Green will continue to remain a valuable resource for the Company, Mr. Birch will provide support in the interim for the functions of the Chief Executive Officer position. This management change represents an extension to those DATATRAK announced in May 2008, and as such, the Company does not anticipate any material interruption to the current day-to-day operations of DATATRAK. The company plans to begin a search for a permanent Chief Executive Officer within the next several weeks.

Mr. Birch concluded, “We are excited for what lies ahead for DATATRAK. The new release of our eClinical Trial Suite, which we announced in October 2008, incorporates significant advances in terms of the efficiency and expansion of its capabilities. We are now much stronger financially and operationally, and our team looks forward to updating you on our progress throughout the year.”

About DATATRAK International, Inc.

DATATRAK International, Inc. is a worldwide technology company focused on the provision of multi-component eClinical solutions and related services for the clinical trials industry. The Company delivers a complete portfolio of software products that were created in order to accelerate clinical research data from investigative sites to clinical trial sponsors and ultimately the United States Food and Drug Administration (FDA), faster and more efficiently than manual methods or loosely integrated technologies. DATATRAK's eClinical software suite can be deployed worldwide through an ASP offering or in a licensed Enterprise Transfer model that fully empowers its clients. The DATATRAK software suite and its earlier versions have successfully supported hundreds of international clinical trials involving thousands of clinical research sites and encompassing tens of thousands of patients in 59 countries. DATATRAK International, Inc.'s product suite has been utilized in some aspect of the clinical development of 16 drugs and one medical device that have received regulatory approval from either the FDA or counterpart European bodies. DATATRAK International, Inc. has offices located in Cleveland, Ohio and Bryan, Texas. Its common stock is listed on the NASDAQ Stock Market under the ticker symbol "DATA". Visit the DATATRAK International, Inc. web site at www.datatrak.net.

Forward-Looking Statements

Except for the historical information contained in this press release, the statements made in this release are forward-looking statements. These forward-looking statements are made based on management's expectations, assumptions, estimates and current beliefs concerning the operations, future results and prospects of the Company and are subject to uncertainties and factors (including those specified below) which are difficult to predict and, in many instances, are beyond the control of the Company. Factors that may cause actual results to differ materially from those in the forward-looking statements include the limited operating history on which the Company's performance can be evaluated; the ability of the Company to continue to enhance its software products to meet customer and market needs; fluctuations in the Company's quarterly results; the viability of the Company's business strategy and its early stage of development; the timing of clinical trial sponsor decisions to conduct new clinical trials or cancel or delay ongoing trials; the Company's dependence on major customers; government regulation associated with clinical trials and the approval of new drugs; the ability of the Company to compete in the emerging EDC market; losses that potentially could be incurred from breaches of contracts or loss of customer data; the inability to protect intellectual property rights; delisting of the Company's common shares from the Nasdaq due to our failure to continue to meet applicable Nasdaq Capital Market requirements; the infringement upon other's intellectual property rights; the Company's success in integrating its acquisition's operations into its own operations and the costs associated with maintaining and/or developing two product suites; the outcome of the Company's disputes with former shareholders of ClickFind, Inc.; the effects and outcomes of the Company's exploration of potential opportunities directed at maximizing shareholder value; and general economic conditions such as the rate of employment, inflation, interest rates and the condition of capital markets. This list of factors is not all inclusive. In addition, the Company's success depends on the outcome of various strategic initiatives it has undertaken, all of which are based on assumptions made by the Company concerning trends in the clinical research market and the health care industry. The Company undertakes no obligation to update publicly or revise any forward-looking statement.

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