

HMG COURTLAND PROPERTIES INC
Form DEF 14A
August 01, 2011

HMG/COURTLAND PROPERTIES, INC.
1870 South Bayshore Drive
Coconut Grove, Florida 33133
(305) 854-6803

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD AUGUST 25, 2011

TO THE SHAREHOLDERS: August 1, 2011

The annual meeting of shareholders of HMG/Courtland Properties, Inc. (the "Company") will be held at 10:30 A.M., on Thursday, August 25, 2011, at the Grove Isle Club and Resort, 4 Grove Isle Drive, Coconut Grove, Florida for the following purposes:

- I. To elect a Board of Directors;
- II. To act upon the renewal of the Advisory Agreement between the Company and HMGA, Inc. (formerly HMG Advisory Corp.);
- III. To act upon the Company's newly adopted 2011 Stock Option Plan; and
- IV. To transact such other business as may properly come before the meeting.

The record date for determining shareholders entitled to notice of and to vote at the annual meeting is July 29, 2011.

Enclosed is a copy of the Company's Annual Report to Shareholders (Form 10-K) for the fiscal year ended December 31, 2010.

It is important, whether or not you plan to attend the meeting in person, that you fill in, sign and date the accompanying proxy and return it promptly in the postage prepaid envelope which is enclosed for your convenience. The signing and mailing of the proxy will not affect your right to vote your shares in person if you attend the meeting and desire to do so.

By Order of the
Board of Directors

Larry Rothstein
President and
Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
SHAREHOLDER MEETING TO BE HELD ON AUGUST 25, 2011.

Copies of the Proxy Statement, Form of Proxy and our Annual Report to Shareholders are available at the home page of our website, www.hmgcourtland.com.

IMPORTANT VOTING INFORMATION

If you hold your shares through a broker, bank or other financial institution, the U.S. Securities and Exchange Commission ("SEC") has approved a New York Stock Exchange rule that changes the manner in which your vote in the election of directors will be handled at our upcoming 2011 annual meeting of shareholders.

Shareholders who hold Company shares through a broker, bank or other financial institution receive proxy materials and a voting instruction form before each shareholder meeting. In the past, if you did not transmit your voting instructions before the shareholder meeting, your broker was allowed to vote on your behalf on the election of directors and other matters considered to be routine.

A New Rule for Shareholder Voting

Effective January 1, 2010, your broker will no longer be permitted to vote on your behalf on the election of directors unless you provide specific instructions by completing and returning the voting instruction form. For your vote to be counted, you now will need to communicate your voting decisions to your broker, bank or other financial institution before the date of the shareholder meeting.

PROXY STATEMENT
OF
HMG/COURTLAND PROPERTIES, INC.

The accompanying proxy is solicited by the Board of Directors for use at the annual meeting of shareholders and is being mailed with this Proxy Statement to all shareholders on or about August 1, 2011. If a proxy card is properly signed and is not revoked by the shareholder, the shares of common stock of the Company (the "Shares") represented thereby will be voted at the meeting in accordance with the instructions, if any, of the shareholder. If no contrary instructions are given, they will be voted for the election of directors nominated by the Board of Directors, and for approval of the renewal of the advisory agreement (the "Advisory Agreement") between the Company and HMGA, Inc. (formerly HMG Advisory Corp.) (the "Adviser") and the Company's 2011 Stock Option Plan. A broker, bank or other financial institution may not vote your Shares if you have not provided instructions ("broker non-votes"). Any shareholder may revoke his proxy at any time before it is voted by giving written notice of revocation to the Secretary of the Company.

Holders of Shares of record at the close of business on July 29, 2011 are entitled to notice of and to vote at the meeting. On that date, there were 1,010,426 Shares outstanding. Each Share is entitled to one vote on all business of the meeting. The holders of a majority of the outstanding Shares, present in person or represented by proxy, will constitute a quorum at the meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Abstentions are counted in tabulations of the votes cast on proposals presented to shareholders.

As of July 29, 2011, Transco Realty Trust ("Transco") was the beneficial owner of 477,300 Shares, or 47% of the outstanding Shares. The Company has been advised by its officers and nominees for directors, and their affiliated shareholders, Transco, the Adviser and subsidiaries ("HMGA") and T.G.I.F. Texas, Inc. ("T.G.I.F.") that they intend to vote for the election of each of the nominees and for the approval of the Advisory Agreement and the Company's 2011 Stock Option Plan. Such shareholders own in the aggregate 597,430 shares, or 59% of the outstanding Shares. As a result, each of the nominees is expected to be elected as a director and the Advisory Agreement and the 2011 Stock Option Plan are expected to be approved. As noted below, certain directors of the Company are affiliated with principal shareholders of the Company and are principal shareholders, directors and officers of the Adviser. See "Election of Directors" below for information concerning holders who may be deemed to own beneficially more than 5% of the outstanding Shares.

ELECTION OF DIRECTORS

The entire Board of Directors will be elected at the annual meeting of shareholders to serve until the next annual meeting of shareholders and until the election and qualification of their successors. In the event any nominee should not continue to be available for election, proxies may be voted for the election of a substitute nominee or the Board of Directors may elect to reduce the number of directors. The Board of Directors has no reason to anticipate that any nominee will not be available for election. All of the nominees have been elected previously by the shareholders.

An affirmative vote by the holders of a majority of the Shares entitled to vote at the Annual Meeting of Shareholders is required for the election of each director.

Our Board of Directors unanimously recommends that the shareholders vote for the election of all five nominees for director.

Set forth below is certain information about each director, each nominee for director and the Shares held by all directors, executive officers and certain other shareholders.

In determining to nominate the five nominees for election to the Board, our Board has considered the specific experiences and attributes of each director listed below and, based on their direct personal experience, the insight and collegiality that each of the nominees brings to board deliberations.

Maurice Wiener, 69, has been Chairman of the Board of Directors and the Chief Executive Officer of the Company since 1974. He is also the chairman of the board and chief executive officer of the Advisor, executive trustee of Transco Realty Trust, and a director of T.G.I.F. Texas, Inc. Mr. Wiener has provided the strategic vision in the development of our business over the past thirty-seven years, and his familiarity with the Company's business gives Mr. Wiener insights and experience valuable to his service on the Board.

Larry Rothstein, 58, has been a director since 1998. Mr. Rothstein has been President since 1997 and was Senior Vice President, Treasurer and Secretary of the Company since 1983. He is also a director, president, treasurer and secretary of the Advisor, a trustee and vice president of Transco and vice president of T.G.I.F. Texas, Inc. Mr. Rothstein has significant familiarity with the Company and particular knowledge of the real estate and financial industries which are important to his service on the Board.

Walter G. Arader, 92, has been a director since 1977. Mr. Arader has been President of Walter Arader and Associates, which is a financial and management consulting firm for more than the past five years. He is a member of the Audit Committee of our Board. Mr. Arader's experience with financial and management issues, as well as his being a member of our Audit Committee, are important to his service on the Board.

Harvey Comita, 81, has been a director since 1992. Mr. Comita has been a business consultant for more than the past five years. He is also a trustee of Transco Realty Trust. He is a member of the Audit Committee of our Board. Mr. Comita's experience as a business consultant, and especially in the real estate industry, as well as his being a member of our Audit Committee, are important to his service on the Board.

Richard M. Wiener, 70, was elected to the Board in 2010. Mr. Wiener (who is not related to Maurice Wiener) is a practicing attorney in New York, specializing in real estate and commercial transactions for more than twenty-five years. He has broad experience in real estate investment, development, financing and acquisitions. Mr. Wiener's legal background and experience, and his long outstanding involvement in the real estate industry are valuable to his service on the Board.

Shares Held as of July 29, 2011

Name(7)(8)	Shares owned by the nominee or members of his family(1)		Additional Shares in which the named person has, or participates in, the voting or investment power(2)		Total Shares & percent of class		
Maurice Wiener	10,600	(4)	541,830	(3) (5)	552,430	55	%
Larry Rothstein	18,000	(4)	541,830	(3)	559,830	55	%
Walter G. Arader	10,400	(4)	-0-		10,400	1	%
Harvey Comita	5,000	(4)	477,300	(6)	482,300	48	%
Richard N. Wiener	-0-		-0-		-0	-	
All Directors and Executive Officers as a Group	55,600	(4)	541,830	(4)	597,430	59	%
Transco Realty Trust 1870 S. Bayshore Drive Coconut Grove, FL 33133	477,300	(5)			477,300	47	%
Comprehensive Financial Planning, Inc. 3950 Fairlane Drive Dacula, GA 30019	118,194	(9)			118,194	12	%

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- (1) Unless otherwise indicated, beneficial ownership is based on sole voting and investment power.
- (2) Shares listed in this column represent shares held by entities with which the directors or officers are associated. Directors, officers and members of their families have no ownership interest in these shares.
- (3) This number includes the number of shares held by Transco (477,300 Shares), HMG Advisory Corp. (54,530 shares) and T.G.I.F. Texas, Inc. (10,000 shares). Several of the directors of the Company are directors, trustees, officers or shareholders of those firms.

- (4) This number excludes options granted under the 2000 Stock Option Plan, which expired on June 25, 2011. In March 2011, the 2011 Stock Option Plan was adopted by the Stock Option Committee of the Board of Directors subject to shareholder approval. If approved by the shareholders, options will be granted to Mr. Maurice Wiener, 40,500; Mr. Rothstein, 29,900; 5,000 each to Arader, Comita and R. Wiener; and 16,700 to two officers. Reference is made to "Compensation of Directors and Executive Officers and Other Transactions" for further information about the 2011 Stock Option Plan.

- (5) Mr. Maurice Wiener holds approximately 33% and 57% of the stock of Transco and HMGA Inc., respectively, and may therefore be deemed to be the beneficial owner of the shares of the Company held by Transco and HMGA Inc.
- (6) This number represents the number of shares held by Transco, of which Mr. Comita is a trustee.
- (7) Except as otherwise set forth, the address for these individuals is 1870 South Bayshore Drive, Coconut Grove, Florida, 33133.
- (8) No shares of stock of the executive officers and directors have been pledged as collateral.
- (9) Comprehensive Financial Planning, Inc. has shared investment power on all shares and sole voting power on all shares.

For information concerning relationships of certain directors and officers of the Company to the Adviser, see "Approval of Renewal of the Advisory Agreement."

As a result of these relationships, the persons named above may be deemed to share investment power and voting power of Shares held by each firm with which they are associated in conjunction with a number of other persons, including in several cases, persons who are neither directors nor officers of the Company.

Meetings of the Board of Directors

The Board of Directors held four meetings during 2010. During this period all of the then directors of the Company attended at least 75% of the total number of meetings of the Board and any committee of which they were a member. The Board of Directors encourages director attendance at the Annual Meeting of the Shareholders. All of the then members of the Board of Directors attended the 2010 Annual Meeting of the Shareholders.

Committees of the Board of Directors

The Board of Directors has an Audit Committee and a Stock Option Committee. The Company does not have a Compensation Committee. Messrs. Arader and Comita serve as members of the Audit Committee. The Audit Committee met four times during 2010.

Messrs. Arader and Comita serve as members of the Stock Option Committee. The committee is authorized to grant options to officers and key employees of the Company. The Stock Option Committee did not meet during 2010.

Nominating Committee

The Board of Directors does not have a standing Nominating Committee due to the size of the Board; however, the Company's independent directors review and make recommendations to the Board regarding the size and composition of the Board, consider and recruit candidates for director nominees based upon recommendations from current outside directors, members of management, outside consultants or search firms, and shareholders; recommends on an annual basis a slate of director nominees for approval by the Board and the shareholders and reviews our committee structure and membership. The independent directors are Messrs. Arader, Comita and Richard N. Wiener.

All independent directors are "independent" directors as defined by the current NYSE Alternext US LLC Company Guide. The Company does not have a Nominating Committee charter.

In evaluating and determining whether to recommend a person as a candidate for election as a director, the independent directors' criteria reflects the requirements of the NYSE Alternext US LLC Company Guide rules with respect to independence and the following factors: the needs of the Company with respect to the particular talents and experience of its directors, personal and professional integrity of the candidate, level of education and/or business experience, broad-based business acumen, the level of understanding of the Company's business and the income-producing commercial properties industry, strategic thinking and a willingness to share ideas, and diversity of experiences, expertise and background. These directors will use these and other criteria that they deem appropriate to evaluate potential nominees and will not evaluate proposed nominees differently depending upon who has made the recommendation.

The independent directors will consider proposed nominees whose names are submitted to them by shareholders. They have not adopted a formal process for that consideration because they believe that this informal consideration process will be adequate. The independent directors intend to review periodically whether a more formal policy should be adopted.

Any shareholder who desires to recommend a nominee for director must submit a letter, addressed to Secretary, HMG/Courtland Properties, Inc., 1870 South Bayshore Drive, Coconut Grove, Florida 33133, and which is clearly identified as a "Director Nominee Recommendation." All recommendation letters must identify the author as a shareholder and provide a brief summary of the candidate's qualifications, as well as contact information for both the candidate and the shareholder. Shareholders who wish to make a recommendation for a nominee to be elected at the Company's 2012 Annual Meeting must submit their recommendation by March 31, 2012, to allow for meaningful consideration and evaluation of the nominees by the independent directors.

Leadership Structure

Mr. Maurice Wiener, the Chief Executive Officer for most of the Company's history, is also the Chairman of the Board. The Board has concluded, in light of present circumstances, that this arrangement best suits the Company's needs because of Mr. Wiener's role as strategic visionary and significant shareholder of the Company.

REPORT OF THE AUDIT COMMITTEE

The primary purpose of the Audit Committee is to assist the Board of Directors in monitoring the integrity of our financial statements, our independent auditor's qualifications and independence, the performance of our independent auditors, and our compliance with legal and regulatory requirements. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Board of Directors has determined that each member of the Audit Committee, Messrs. Arader and Comita, is (1) an "audit committee financial expert," as that term is defined in Item 407(d)(5)(i) of Regulation S-K of the Exchange Act, and (2) "independent" as defined by the NYSE Alternext US LLC Company Guide and Section 10A(m)(3) of the Exchange Act. The committee operates pursuant to a charter that was last amended by the Board on June 16, 2003. The Audit Committee charter may be found on our website, www.hmgcourtland.com.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors for the Company's 2010 fiscal year, Cherry, Bekaert & Holland, L.L.P. ("CBH"), were responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.

In performing its oversight role, the Audit Committee has, among other things covered in its charter, reviewed and discussed the audited financial statements with management and the independent auditors. The committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. The committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No.1, Independence Discussions with Audit Committees, as currently in effect. The committee has also considered whether the provision of non-audit services by the independent auditors is compatible with maintaining the auditors' independence and has discussed with the auditors the auditors' independence.

Based on the reviews, reports and discussions described in this Report, and subject to the limitations on the role and responsibilities of the committee referred to in this Report and in the charter, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not necessarily experts in the fields of accounting or auditing, nor with respect to auditor independence. Members of the committee rely without independent verification on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations, efforts and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that CBH is in fact "independent."

Members of the
Audit Committee:
Walter G. Arader
Harvey Comita

INDEPENDENT PUBLIC ACCOUNTANTS

CBH has been serving as our independent accountants. In performing its oversight role and as part of its regular process of recommending an independent auditor to the Board of Directors, the Audit Committee is in the process of reviewing whether to retain CBH as our independent accounting firm for the 2011 fiscal year. Such review has not been completed and no recommendation has been made to the Board of Directors for the selection of the Company's independent auditors for 2011. A representative of CBH is not expected to be present at the Annual Meeting. The Audit Committee pre-approved all services rendered to the Company by its independent accountants.

The aggregate fees billed by the Company's accounting firm for the years ended December 31, 2010 and December 31, 2009 are as follows:

Fees of Accountants

	Aggregate Amount Billed		Share of Total			
	December 31, 2010	December 31, 2009	December 31, 2010		December 31, 2009	
Audit fees, including review of quarterly financial statements	\$ 87,000	\$ 94,000	85	%	82	%
Tax fees (consists of fees related to tax compliance and planning)	15,000	20,000	15	%	18	%
Total Fees	\$ 102,000	\$ 114,000	100	%	100	%

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Executive officers receive no cash compensation from the Company in their capacity as executive officers. Executive officers are eligible to receive stock options pursuant to the 2011 Stock Option Plan, if approved by shareholders.

Compensation of Directors. The following table summarizes director's compensation for the year ended December 31, 2010:

Director	Annual Fee	Board Meeting Fee	Committee Meeting Fee	Total Compensation
Maurice Wiener	\$ 17,000	\$ 2,250	\$ -	\$ 19,250
Larry Rothstein	17,000	2,250	3,750	23,000
Walter Arader	12,000			