

PATRIOT NATIONAL BANCORP INC

Form 10-K/A

April 30, 2013

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A**

**Amendment No. 1**

(Mark One)

**ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2012

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-29599

**PATRIOT NATIONAL BANCORP, INC.**

(Exact name of registrant as specified in its charter)

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**Connecticut**  
(State or other jurisdiction of  
incorporation or organization)

**06-1559137**  
(I.R.S. Employer  
Identification No.)

**900 Bedford Street**

**Stamford, Connecticut**  
(Address of principal executive offices)

**06901**  
(Zip Code)

**(203) 324-7500**

**Registrant's telephone number**

**Securities registered under Section 12(b) of the Exchange Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>None</b>	<b>None</b>

**Securities registered pursuant to Section 12(g) of the Act:**

**Common stock, \$.01 par value per share**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Accelerated filer

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Non-accelerated filer  Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$7,209,206 based on the last sale price of the common stock as of June 30, 2012 (the last business day of the most recently completed second fiscal quarter).

There were 38,480,114 shares of our Common Stock issued and outstanding as of March 31, 2013.

### **DOCUMENTS INCORPORATED BY REFERENCE**

None.

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**EXPLANATORY NOTE**

The annual report on Form 10-K of Patriot National Bancorp, Inc. ( Patriot , we , our , us , or the Company ) for the year ended December 31, 2012 was originally filed with the Securities and Exchange Commission (the SEC ) on March 22, 2013, and this Amendment No. 1 is being filed solely to include responses to the items required by Part III. This Amendment No. 1 does not reflect events occurring after March 22, 2013, the date of the filing of our original Form 10-K, or modify or update those disclosures that may have been affected by subsequent events.

As required by Rule 12b-15 promulgated under the Securities and Exchange Act of 1934, our Chief Executive Officer and Chief Financial Officer are providing Rule 13a-14(a) certifications dated April 30, 2013 in connection with this Form 10-K/A and written statements pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated April 30, 2013.

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**Table of Contents****PART III****DIRECTORS, EXECUTIVE OFFICERS,  
AND CORPORATE GOVERNANCE**

Our executive officers and directors are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Michael A. Carrazza	47	Chairman of the Board of Directors
Kenneth T. Neilson	64	President and Chief Executive Officer and Director
William C. Gray	58	Executive Vice President, Chief Financial Officer
Phillip W. Wolford	65	Secretary
Edward N. Constantino	66	Director
Raymond B. Smyth	66	Director
Emile Van den Bol	48	Director
Michael Weinbaum	46	Director
Mark C. Foley	61	Executive Vice President and Chief Credit Officer

Background of Officers and Directors

**Michael A. Carrazza**

Mr. Carrazza has been Chairman of the Board of Directors of the Company since 2010. Through PNBK Sponsor, Mr. Carrazza manages PNBK Holdings, the Company's largest shareholder. Mr. Carrazza is also CEO of Solaia Capital Advisors, an investment management company specializing in the acquisition and operational enhancement of middle market businesses. In 2004, he co-founded Bard Capital Group where he sponsored several transactions in the industrial sector. Mr. Carrazza currently serves as a director of AmQuip Crane Rental and Chairman of Siena Capital Finance. From 2001 until 2003, he was principal at The GlenRock Group, a middle market investment firm, where he structured and financed the buyout of International Surface Preparation Group, Inc. ( ISPC ) from U.S. Filter/Vivendi. He subsequently worked at ISPC as Vice President in the office of the Chairman, managing the company's financings, restructure and subsequent sale.

**Kenneth T. Neilson**

Mr. Neilson has been President and Chief Executive Officer since March 18, 2013 and has served as a director of Patriot since 2010. Mr. Neilson is the retired President, Chairman and CEO of Hudson United Bank and Hudson United Bancorp where he served for 23 years. After becoming President and CEO in 1989, Mr. Neilson led Hudson United Bancorp from a one state, 15 branch network with \$500 million in assets, to a premiere franchise spanning four states with over 200 branch locations and an asset size of \$9 billion by 2006 when it was sold to TD Banknorth. Mr. Neilson currently serves as a Board Member of Quinnipiac University.

**William C. Gray**

Mr. Gray has served as Executive Vice President and Chief Financial Officer of Patriot since December 1, 2012 and as Patriot's Senior Vice President of Accounting and Finance of the Bank from August 2011 to November 30, 2012. Prior to joining the Bank, Mr. Gray served as Senior Vice President and Chief Financial Officer of Gold Coast Bank from October 2007 through July 2011.

**Philip W. Wolford**

Mr. Wolford has served as Patriot's Chief Compliance Officer and Secretary since October 2010. He has also served as Chief Operating Officer and Secretary of the Bank since September 2000. Mr. Wolford was Patriot's President and Secretary from December 1999 until June 2000. He was President and Chief Executive Officer of the Bank from September 1994 until June 1999 and Secretary of the Bank from September 1998 until September 2000 and President of the Bank from August 1999 until September 2000. Mr. Wolford served as a director of Patriot from 1999 to 2010 and as a director of the Bank from 1994 to 2010.

**Edward N. Constantino**

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Mr. Constantino has over 40 years of audit, advisory and tax experience working for two major accounting firms, Arthur Anderson LLP and KPMG LLP. Mr. Constantino retired from KPMG in late 2009, where he was an Audit Partner in charge of the Firm's real estate and asset management businesses. Mr. Constantino is a member of the Board of Directors of ARC Property Trust and a member of the Audit Committee of the New York City Housing Authority. Mr. Constantino also serves as a consultant for the law firm of Skadden Arps. Mr. Constantino's specific skills include auditing national and multinational organizations, internal control and compliance, financial reporting, regulatory reporting, risk management, asset valuation, accounting and finance and transaction structuring. He is a licensed CPA, a Member of the American Institute of Certified Public Accountants and a Member of the New York State Society of Public Accountants. He is currently a Member of the Board of Trustees and the Audit Committee Chairman of St. Francis College.

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**Raymond Smyth**

Mr. Smyth served as our director from November 2008 until 2010 and since 2011. He is a retired partner in the accounting firm of Masotti & Masotti. In addition, he is a CPA and a financial expert.

**Emile Van den Bol**

Mr. Van den Bol is currently the Chief Executive Officer of Brooklawn Capital, LLC. Brooklawn Capital is an investment management company which advises and invests in real estate and securities. Mr. Van den Bol retired in 2010 as Managing Director of the Commercial Real Estate Group of Deutsche Bank Securities, Inc. Mr. Van den Bol joined Deutsche Bank in 2001 as Managing Director and held several executive positions in the Commercial Real Estate Group including Global Co-Head Structured Finance, Global Head Commercial Real Estate CDO Group and Member of the Global Commercial Real Estate Executive Committee. Mr. Van den Bol was from 2005 to 2009 a Governor of the Board of the Commercial Mortgage Securities Association. From 1996 to 2001 Mr. Van den Bol was employed by Lehman Brothers where he held a number of positions including Head of Esoteric Principal Finance Group and Co-Head of Lehman Brothers Franchise Conduit. Mr. Van den Bol was a member of Morgan Stanley's Structured Finance Group from 1991 to 1996.

**Michael J. Weinbaum**

Mr. Weinbaum has been the Vice President of Real Estate Operations for United Capital Corp. for more than twenty years. Mr. Weinbaum has extensive experience in real estate operations and transactions. He is a member of the International Council of Shopping Centers and has been a member of United Capital's Board of Directors since 2005. Mr. Weinbaum currently serves on the Finance Board and Board of Trustees for St. Mary's Healthcare for Children.

**Mark C. Foley**

Mr. Foley has been Executive Vice President and Chief Credit Officer since November, 2011. From 2010 to 2011 he was Chief Credit Officer at Herald National Bank. Prior to that he was Managing Director at Forensic Investigative Associates since 2004.

There are no family relationships among our executive officers and directors. None of our executive officers or directors has, during the past five years:

- (a) had any petition under the federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of, such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
- (b) been convicted in a criminal proceeding or subject to a pending criminal proceeding;
- (c) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or any federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, futures, commodities or banking activities; or
- (d) been found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Future Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers, directors and persons who own more than ten percent of the issued and outstanding shares of Common Stock to file reports of beneficial ownership and changes in beneficial ownership with the SEC and to furnish copies of all Section 16(a) forms to the Company. No Form 3 or 4 filings are known to be late for any of the directors, officers and



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beneficial owners of more than 10 percent of any class of equity securities of the Company in 2012 except for Mr. Gray (one filing).

### **Nominations to the Board of Directors**

Stockholders may recommend individuals to the Nominating and Corporate Governance Committee of the Board of Directors for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials, to the Nominating Committee, c/o Corporate Secretary, Patriot National Bancorp, Inc., 900 Bedford Street, Stamford, Connecticut 06901.

**Table of Contents****Code of Ethics**

We have a Code of Ethics that governs all of our employees, including our CEO, CFO, principal accounting officer or persons performing similar functions. We will provide a copy of our Code of Ethics free of charge to any person upon written request to us at the following address: 900 Bedford Street, Stamford, Connecticut 06901; Attn: Chief Financial Officer.

**Board of Directors**

The Board of Directors currently consists of six members. Directors serve until their successors are duly elected or appointed. The Board of Directors has designated a Compensation Committee, Audit Committee, Nominating and Corporate Governance Committee and Executive Committee of the Board. Messrs. Constantino (chairman), and Van den Bol are members of the Compensation Committee; Messrs. Constantino (chairman), Smyth, and Van den Bol are members of the Audit Committee; Messrs. Van den Bol (chairman), Carrazza, Constantino and Weinbaum are members of the Nominating and Corporate Governance Committee; and Messrs Carrazza (chairman), Constantino, Neilson and Van den Bol are members of the Executive Committee of the Board.

**Audit Committee Financial Expert**

Our Board of Directors has determined that Edward N. Constantino and Raymond Smyth are the financial experts serving on our Audit Committee.

**Item 11. Executive Compensation****EXECUTIVE COMPENSATION****Summary Compensation Table**

The table below sets forth, for the last two fiscal years, the compensation earned by our Chief Executive Officer, Chief Financial Officer and the two other executive officers who received the highest annual compensation. Certain of the named executive officers (the Named Executive Officers ) are entitled to certain payments in connection with resignation, retirement or other termination, as described more fully under the heading Agreements with Executive Officers and Consultants.

Name and Principal Position(s)	Year	Salary	Bonus	All Other Annual Compensation	Total
Michael A. Carrazza	2012	\$ 300,000	\$ -0-	\$ 658	\$ 300,658
Chairman	2011	\$ 300,000	\$ 150,000	\$ -0-	\$ 450,000
Christopher D. Maher (1)	2012	\$ 375,000	\$ -0-	\$ 18,250(5)	\$ 393,250
President and CEO	2011	\$ 375,000	\$ 150,000	\$ 12,000(5)	\$ 537,000
Robert F. O'Connell (2)	2012	\$ 248,451	\$ -0-	\$ 7,492	\$ 255,943
Senior Executive Vice President and Chief Financial Officer	2011	\$ 253,323	\$ -0-	\$ 7,430	\$ 260,753
William C. Gray (3)	2012	\$ 201,923	\$ -0-	\$ 4,442	\$ 206,365
Executive Vice President and Chief Financial Officer	2011	\$ 57,692	\$ -0-	\$ -0-	\$ 57,692
Mark C. Foley (4)	2012	\$ 215,000	\$ -0-	\$ 17,977(6)	\$ 232,977
Executive Vice President and Chief Credit Officer	2011	\$ 42,019	\$ -0-	\$ 3,000	\$ 45,019

- (1) Mr. Maher resigned as President and CEO effective March 18, 2013.
- (2) Mr. O'Connell was the Chief Financial Officer from January 1 through his retirement on November 30, 2012.
- (3) Mr. Gray has been employed by Patriot since September 2011 and became Chief Financial Officer effective December 1, 2012.
- (4) Mr. Foley has been employed by Patriot as Chief Credit Officer since November 2011.
- (5) Includes a \$12,000 annual automobile allowance.
- (6) Includes a \$15,000 relocation allowance.

**Potential Payments Upon Termination or Change of Control**

Patriot and/or the Bank have entered into certain agreements and maintain certain plans that will require the payment of compensation to Mr. O Connell in the event of a change of control of Patriot. The amount of compensation payable to him in each situation is listed in the table below. The disclosures assume a payment event having occurred on December 31, 2012.

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The following table describes the potential payments upon a deemed change of control ( COC ) of Patriot for Robert F. O'Connell:

**Executive Benefits and**

<b>Payments Upon Termination</b>	<b>Voluntary Termination</b>	<b>Normal Retirement</b>	<b>Involuntary Not for Cause Termination</b>	<b>For Cause Termination</b>	<b>Involuntary or Good Reason Termination (COC)</b>	<b>Death or Disability</b>
<b>Compensation:</b>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 625,000	\$ 0
Non-Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Benefits and Perquisites:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total:</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 625,000</b>	<b>\$ 0</b>

Payments are capped so as not to exceed the limits of Section 280G of the Internal Revenue Code. The exercise of rights under the change of control agreement will not result in adverse tax consequences to Patriot under Section 280G of the Internal Revenue Code of 1986, as amended.

**401(k) Plan**

The Bank maintains a tax-qualified 401(k) Plan under Section 401(a) of the Internal Revenue Code with a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code. Employees become eligible to make salary reduction contributions to the 401(k) Plan and to receive any matching or discretionary contributions made to the 401(k) Plan by the Bank on the first day of the quarter coinciding with or next following the date that the employee has attained 21 years of age and completed at least 1,000 hours of service in a period of six to 12 consecutive calendar months.

Under the 401(k) Plan, participants may elect to have the Bank contribute a portion of their compensation each year, subject to certain limitations imposed by the Internal Revenue Code. The 401(k) Plan permits the Bank to make discretionary matching and additional discretionary contributions to the 401(k) Plan. Participants in the 401(k) Plan may direct the investment of their accounts in several types of investment funds.

Participants are always 100% vested in their elective deferrals, matching and discretionary matching contributions and related earnings under the 401(k) Plan. Participants are permitted to receive a distribution from the 401(k) Plan only in the form of a lump sum payment.

**Patriot National Bancorp, Inc. 2012 Stock Plan**

In 2011, Patriot adopted the Patriot National Bancorp, Inc. 2012 Stock Plan. The 2012 Plan is administered by the Compensation Committee of Patriot's Board of Directors. Grants under the 2012 Plan may be made in the form of stock options, restricted stock and phantom stock units. The 2012 Plan authorizes 3,000,000 shares of Patriot's common stock for issuance. Phantom stock units may be granted under the 2012 Plan up to 1,000,000 units.

Under the terms of the 2012 Plan, only Patriot employees and employees of its subsidiaries may receive stock options. The exercise price of the stock options shall be not less than the fair market value of the stock on the date of grant. The Compensation Committee shall determine the dates upon which the options may be exercisable, which shall not exceed 10 years from the date of grant. The options may be exercised on a cashless basis if approved by the Committee.

Only non-employee directors are eligible to receive grants of restricted stock under the 2012 Plan. Restricted stock grants generally vest in quarterly installments over a four year period from the date of grant. The vesting of restricted stock awards and options may be accelerated in accordance with terms of the plan. The Compensation Committee shall make the terms and conditions applicable to the vesting of restricted stock awards and stock options.

Only Patriot's employees and employees of its subsidiaries are eligible to receive phantom stock units under the 2012 Plan. The phantom stock units entitle the holder to receive upon exercise, in cash or shares of common stock, the appreciation in the value of the common stock from the date of grant. The Plan Committee shall determine the terms and conditions of each phantom stock unit award. Upon a change of control of Patriot, the grantee shall be required to redeem all of his or her phantom stock units. In the event of a sale of substantially all of Patriot's assets, all outstanding phantom stock units will be redeemed.

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There were no awards made under Patriot's 2012 Stock Plan during 2011. 117,387 shares of restricted stock and 850,000 of stock options were awarded in 2012.

**Table of Contents****Director Compensation**

The following table details the compensation paid to or accrued for each of Patriot's non-management directors in 2012:

Name	Fees Earned or Paid in Cash (\$)	Cash Awards (\$)	Stock Awards(1) (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
<b>Edward N. Constantino</b>	30,250	-0-	8,649	-0-	-0-	-0-	-0-	38,899
<b>Kenneth T. Neilson</b>	27,250	-0-	8,649	-0-	-0-	-0-	-0-	35,899
<b>Raymond Smyth</b>	22,000	-0-	7,470	-0-	-0-	-0-	-0-	29,470
<b>Emile Van den Bol</b>	20,250	-0-	8,649	-0-	-0-	-0-	-0-	28,899
<b>Michael J. Weinbaum</b>	17,500	-0-	8,649	-0-	-0-	-0-	-0-	26,149

(1) The Compensation Committee accelerated the vesting of the initial grant of restricted stock whereby the first year of the tranche vested immediately. Restricted stock grants vest in quarterly installments over a four year period from the date of grant. Patriot's directors who are also executive officers do not receive compensation for service on the board of directors or any of its committees. Non-employee directors of Patriot receive \$750 for each board meeting in which they participate and fees ranging from \$250 to \$500 for each committee meeting in which they participate. In addition, non-employee directors who serve as the chair of a committee receive additional fees ranging from \$2,000 to \$6,000 per year.

Our directors are also reimbursed for reasonable and necessary out-of-pocket expenses incurred in connection with their service to us, including travel expenses.

**Securities Authorized for Issuance under Equity Compensation Plans**

The Company has 3,000,000 shares of common stock authorized for issuance under the 2012 Stock Plan, of which 2,032,613 shares of stock are available for issuance.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**  
**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The table below provides certain information about beneficial ownership of common stock of the Company as of April 15, 2013 with respect to: (i) each person, or group of affiliated persons, who is known to the Company to own more than five percent (5%) of Company common stock; (ii) each of the Company's directors; (iii) each of the Company's executive officers; and (iv) all of the Company's directors and executive officers as a group.

Except as otherwise noted, to the knowledge of the Company, all persons listed below have sole voting and dispositive power with respect to all shares of common stock they beneficially own, except to the extent authority is shared by spouses under applicable law. Applicable percentage ownership is based on 38,480,114 shares of common stock outstanding. In computing the number of shares of common stock beneficially owned by a person and applicable percentage ownership of that person, we deemed outstanding shares of common stock subject to options held by that person that are currently exercisable or exercisable within sixty (60) days of April 15, 2013. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

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Unless otherwise indicated, the address of each shareholder is in care of Patriot National Bancorp, Inc., 900 Bedford Street, Stamford, CT 06901.

Beneficial Owner	Shares of Common Stock Beneficially Owned	
	Shares	Percent of Class
Michael A. Carrazza	33,669,500(1)	87.5%
Edward N. Constantino	24,492(5)	*
Christopher D. Maher	228,500(2)	*
Kenneth T. Neilson	72,192(3)	*
Robert F. O'Connell	27,948	*
William C. Gray	20,000	*
Emile Van den Bol	14,924(5)	*
Raymond Smyth	36,325(4)	*
Michael J. Weinbaum	64,492(5)	*
Philip W. Wolford	12,873(6)	*
Mark C. Foley	0	*
All Directors and Executive Officers	34,171,246	88.8%

\* Less than one percent (1%)

(1) Includes 33,600,000 shares held by PNBK Holdings LLC ( Holdings ). Mr. Carrazza is the manager of PNBK Sponsor LLC ( Sponsor ), which is the manager of Holdings; therefore, Mr. Carrazza may be deemed to indirectly beneficially own the shares directly owned by Holdings. Holdings has sole voting and dispositive power with regard to all 33,600,000 shares; Sponsor and Carrazza have shared voting and shared dispositive power of said shares. Also includes 55,000 shares held by Solaia Capital Management Profit Sharing Plan for the benefit of Mr. Carrazza. Mr. Carrazza has sole voting and dispositive power with regard to such shares.

(2) Includes 207,500 shares issuable upon exercise of an option. The option is currently exercisable at an exercise price of \$2.20 per share.