

TRANS LUX CORP
Form 10-K/A
April 30, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 10-K/A

Amendment No. 1

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-2257

TRANS-LUX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1394750
(I.R.S. Employer
Identification No.)

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26 Pearl Street, Norwalk, CT 06850-1647

(Address of registrant's principal executive offices) (Zip code)

Registrant's telephone number, including area code: (203) 853-4321

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1.00 par value	None

Securities registered pursuant to Section 12(g) of the Act: None

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 Section 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

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TRANS-LUX CORPORATION

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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 amendment to this Form 10-K. [x]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12(b)-2 of the Exchange Act.

Large accelerated filer Accelerated filer 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 registrant's voting Common Stock held by non-affiliates of the registrant based upon the last sale price of the registrant's Common Stock reported on OTCQB on June 30, 2011, was approximately \$648,000. The registrant has no non-voting common stock.

The number of shares outstanding of the registrant's Common Stock, par value \$1.00 per share, as of the latest practicable date, on April 23, 2012, was 4,686,828 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE: None

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A amends our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which was filed with the SEC on April 16, 2012 (the “Original Filing”). We are filing this Amendment solely for the limited purpose of amending Part III, Items 10 – 14 to reflect the inclusion of the information required by Form 10-K. The Original Filing contemplated the incorporation by reference of such information from the Corporation’s definitive proxy statement relating to the Corporation’s 2012 Annual Meeting of Shareholders. The Corporation’s definitive proxy statement will not be filed within the requisite 120 days after the Corporation’s 2011 fiscal year end, and accordingly, the Corporation is including the information required by Part III, Items 10 – 14 of Form 10-K through this Amendment as contemplated by instruction G (3) to Form 10-K. The listing of the definitive proxy statement on the cover page of the Original Filing as a document incorporated by reference has been deleted in this Amendment.

Except as contained herein, this Amendment speaks as of the filing date of the Original Filing and does not modify or update disclosures contained in the Original Filing. Accordingly, this Amendment should be read in conjunction with the Original Filing.

TRANS-LUX CORPORATION

2011 Form 10-K/A Annual Report

Amendment No. 1

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The directors of the Corporation and their ages are as follows:

Name	Age
Jean-Marc (J.M.) Allain	42
Jean Firstenberg	76
Richard Nummi	53
George W. Schiele	80
Elliot Sloyer	47
Salvatore J. Zizza	66

Directors:

J.M. Allain has served as a director since June 22, 2011. Mr. Allain became the President and Chief Executive Officer of Trans-Lux Corporation on February 16, 2010. Previously, Mr. Allain was President of Panasonic, based in Secaucus, New Jersey, and Vice President of Duos Technologies. Mr. Allain has spent his entire career in the high technology field, beginning in the telecommunications and datacom industry with an early adopter of voice over data network technology. The company was later acquired by telecom giant Alcatel where he took on key roles over several years, both domestically and internationally. Mr. Allain’s experience in manufacturing spans multiple industries and regions. Mr. Allain is an expert in outsourcing and has managed operations, marketing and sales for enterprises ranging from start-ups to multi-national companies. Mr. Allain is also a recognized industry leader in the Electronic and Physical Security fields. Mr. Allain is an expert in anti-terrorism and the protection of high risk targets and has led deployments of leading-edge integrated systems in high-profile public and private projects. Mr. Allain’s experience and deep understanding of the operations of the Corporation allow him to make valuable contributions to the Board.

Jean Firstenberg has served as a director since 1989 when she was elected an independent director. Ms. Firstenberg is President Emerita and a member of the Board of Trustees of the American Film Institute. She was President and Chief Executive Officer of the American Film Institute from 1980 to 2007. She is Chairperson of the Citizen’s Stamp Advisory Committee; a member of the Board of Trustees of Women’s Sports Foundation; and was formerly a Trustee of Boston University. Ms. Firstenberg’s more than twenty years of experience as a director of the Corporation and her prior role as Chairman of the Audit Committee gives her a deep understanding of the operations of the Corporation

and allows her to make valuable contributions to the Board.

Richard Nummi has served as a director since March 6, 2012 and is an attorney and is currently responsible for legal oversight and compliance with security industry rules and regulations as Managing Partner of Nummi & Associates, P.A. Previously, Mr. Nummi was Chief Compliance Officer at INVEST Financial Corporation; Chief Compliance Officer at Jefferson-Pilot Financial; President, Executive Vice President, Chief Compliance Officer, General Counsel and Business Analyst for several top wall street firms; a securities regulator with the U.S. Securities and Exchange Commission; and served in the U.S. Navy in Naval Aviation and Naval Intelligence for 12 years. Mr. Nummi's extensive experience in compliance allows him to make valuable contributions to the Board.

George W. Schiele has served as a director since 2009 when he was elected an independent director. Mr. Schiele was elected Chairman of the Board (a non-executive position) of Trans-Lux Corporation on September 29, 2010. Mr. Schiele is currently President of George W. Schiele, Inc., a trust management and private investment company; he is also President of four other private companies; a Director of Connecticut Innovations, Inc., the nation's fourth most active venture capital firm, and Chairman of its Investment Advisory and Investment Committees; Trustee of seven private Trusts; President of one and an Officer and Director of two other private Charitable Foundations; the Managing Partner of two private Investment partnerships; and a Director and Executive Board member of The Yankee Institute. Mr. Schiele was elected in accordance with a Settlement Agreement approved by the United States District Court for the Southern District of New York described in the Corporation's proxy statement for the December 11, 2009 Annual Meeting of Stockholders. Mr. Schiele's long experience in previous start-ups and corporate restructurings and his service to other boards of directors allows him to make valuable contributions to the Board. Mr. Schiele was a participating investor in the Company's recent restructuring.

Elliot Sloyer has served as a director since March 6, 2012 and is currently a Managing Member and Portfolio Manager of WestLane Capital Management, LLC, which was founded in 2005, and a Director of Arotech Corporation, a worldwide provider of defense and security products to the military and law enforcement. Mr. Sloyer was a founder and Managing Director of Harbor Capital Management LLC where he managed portfolios of convertible and distressed securities including bonds, preferred stocks and warrants for 13 years. Previously, Mr. Sloyer was Director of Convertible Arbitrage Trading at R.F. Lafferty & Company. Mr. Sloyer's extensive experience and service to other boards of directors allows him to make valuable contributions to the Board.

Salvatore J. Zizza has served as a director since 2009 when he was elected an independent director. Mr. Zizza was elected Vice Chairman of the Board (a non-executive position) of Trans-Lux Corporation on September 29, 2010. Mr. Zizza is currently the Chairman of Zizza & Co. Ltd.; Chairman of Metropolitan Paper Recycling; Chairman of Bethlehem Advanced Materials; a Director of Hollis-Eden Pharmaceuticals; and a Director of several of the Gabelli open and closed-end funds, including The Gabelli Equity Trust, The Gabelli Asset Fund, The Gabelli Growth Fund, The Gabelli Convertible and Income Securities Fund, The Gabelli Utility Trust Fund, The Gabelli Global Multimedia Trust, The Gabelli Equity Series Fund, The Gabelli Dividend and Income Trust, The Gabelli Gold Fund, The Gabelli International Growth Fund, The Gabelli Global Gold & Natural Resources Fund, and the GAMCO Westwood Funds. Previously, Mr. Zizza was a Director of Earl Scheib, Inc. Mr. Zizza was elected in accordance with a Settlement Agreement approved by the United States District Court for the Southern District of New York described in the Corporation's proxy statement for the December 11, 2009 Annual Meeting of Stockholders. Mr. Zizza's extensive experience and service to numerous other boards of directors allows him to provide valuable contributions to the Board. In addition, Mr. Zizza also serves as Chairman of the Audit Committee and is the "audit committee financial expert" as required under the rules of the United States Securities and Exchange Commission (the "SEC").

Meetings of the Board of Directors and Certain Committees:

The Board of Directors held five meetings during 2011. All directors attended 75% or more of such meetings and of the committee meetings for which they were members. The Corporation does not have a formal policy regarding directors' attendance at annual stockholders meetings, but strongly encourages and prefers that directors attend regular and special Board meetings as well as the Annual Meeting of Stockholders in person, although attendance by teleconference is considered adequate. The Corporation recognizes that attendance of the Board members at all meetings may not be possible and excuses absences for good cause.

Non-employee directors are due to receive an annual fee of \$10,000, as well as \$1,000 for each meeting of the Board attended and \$500 for telephonic meetings, while employee directors are not entitled to receive any fees. Mr. George Schiele and Mr. Salvatore Zizza, the Chairman and Vice Chairman, respectively, receive an annual fee of \$15,000 each as well as \$1,500 for each meeting of the Board attended and \$750 for telephonic meetings. Fees for members of the Board and Committees are determined annually by the entire Board of Directors based on review of compensation paid by other similar size companies, the amounts currently paid by the Company, the overall policy for determining compensation paid to officers and employees of the Company and the general financial condition of the Company. During 2010 and 2011, certain Board members deferred payment of their fees. In lieu of a cash payment, certain board members and former board members have agreed to receive restricted shares of Common Stock which shall contain a legend under the Securities Act of 1933 and which shall not be transferable unless and until registered.

Corporate Governance Policies and Procedures

The Board of Directors has adopted a Code of Business Conduct and Ethics Guidelines (the “Ethics Code”) that applies specifically to Board Members and Executive Officers. The Ethics Code is designed to promote compliance with applicable laws and regulations, to promote honest and ethical conduct, including full, fair, accurate and timely disclosure in reports and communications with the public. The Ethics Code is available for viewing on the Corporation’s website at www.trans-lux.com. Any amendments to, or waivers from, the Ethics Code will be posted on the website. In addition, the Board of Directors adopted a Whistle Blowing policy, which provides procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, as well as the confidential, anonymous submission of concerns regarding questionable accounting or auditing practices.

Corporate Leadership Structure

Two separate individuals serve as the Corporation's Chairman of the Board and Chief Executive Officer. The Chairman is not an executive officer. The Chairman provides leadership to the Board in the fulfillment of its responsibilities in presiding over Board meetings; he also presides over all meetings of the stockholders. The Chief Executive Officer is responsible for directing the operational activities of the Corporation.

Risk Management

Our Board and Audit Committee are actively involved in risk management. Both the Board and Audit Committee regularly review the financial position of the Corporation and operations of the Corporation and other relevant information, especially cash management and risks associated with the Corporation's financial position and operations.

Communication with the Board of Directors

Security holders are permitted to communicate with the members of the Board by forwarding written communications to the Corporation's Corporate Secretary at the Corporation's headquarters in Norwalk, Connecticut. The Corporate Secretary will present all communications, as received and without screening, to the Board at its next regularly scheduled meeting.

Committees of the Board of Directors

The Board of Directors has appointed a Compensation Committee, an Audit Committee and a Nominating Committee.

Compensation Committee

The members of the Compensation Committee of the Board of Directors are Ms. Firstenberg and Messrs. Sloyer and Zizza. The Compensation Committee operates under a formal written charter approved by the Compensation Committee and adopted by the Board of Directors. The Compensation Committee reviews compensation and other benefits. The Compensation Committee held one meeting in 2011. None of the members of the Compensation Committee is or has been an officer or employee of the Corporation. There are no Compensation Committee interlock relationships with respect to the Corporation. Members of said Committee receive a fee of \$320 for each meeting of the Committee they attend and the Chairperson, Ms. Firstenberg, will receive an annual fee of \$1,600.

Audit Committee

The members of the Audit Committee of the Board of Directors are Messrs. Zizza, Nummi and Sloyer. The Audit Committee operates under a formal written charter approved by the Committee and adopted by the Board of Directors. The Board of Directors had determined that Mr. Zizza meets the definition of "audit committee financial expert" set forth in Item 407 of Regulation S-K, as promulgated by the SEC. The Audit Committee held three meetings in 2011. The responsibilities of the Audit Committee include the appointment of the independent registered public accounting firm, review of the audit function and material aspects thereof with the Corporation's independent registered public accounting firm, and compliance with the Corporation's policies and applicable laws and regulations. Members of said Committee receive a fee of \$400 for each meeting of the Committee they attend and the Chairman, Mr. Zizza, receives an annual fee of \$2,400 and \$100 for each quarterly telephonic meeting with the independent auditors.

Nominating Committee

The members of the Nominating Committee of the Board of Directors are Ms. Firstenberg and Mr. Zizza, each of who is independent in accordance with the Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Nominating Committee operates under a formal written charter approved by the Committee and adopted by the Board of Directors. The Nominating Committee recommends for consideration by the Board of Directors, nominees for election of directors at the Corporation's Annual Meeting of Stockholders. Director nominees are considered on the basis of, among other things, experience, expertise, skills, knowledge, integrity, understanding the Corporation's business and willingness to devote time and effort to Board responsibilities. The Nominating Committee had one meeting in 2011 to discuss, among other things, nominating the directors for election by our stockholders at the Annual Meeting of Stockholders held March 6, 2012.

The Nominating Committee does not have a separate policy regarding diversity of the Board. George W. Schiele and Salvatore J. Zizza (the "Gamco Nominees") were elected in accordance with a Settlement Agreement approved by the United States District Court for the Southern District of New York described in the Corporation's proxy statement for the December 11, 2009 Annual Meeting of Stockholders. If either of them or their replacements is unwilling or unable to serve as a director prior to the 2012 Annual Meeting of Stockholders, the Corporation, consistent with duties and obligations under Delaware law, shall use its best efforts to replace said director with a nominee suggested by the Gabelli parties: the Settlement Group, consisting of Gabelli Funds, LLC, Gamco Asset Management, Inc., Gabelli Cap Growth Fund, Gabelli Global Multimedia Trust, Inc., Gabelli Dividend and Income Trust and Gabelli Convertible Fund.

Corporate Governance Committee

The Board of Directors has not established a corporate governance committee. The Board of Directors acts as the corporate governance committee.

Non-Employee Director Stock Option Plan

The Board of Directors has previously established a Non-Employee Director Stock Option Plan which, as amended, covers a maximum of 30,000 shares for grant. Such options are granted for a term of six years and are priced at fair market value on the grant date. The determination as to the amount of options to be granted to directors is based on years of service, and are calculated on a yearly basis as follows: a minimum of 500 stock options are granted for each director; an additional 500 stock options are granted if a director has served for five years or more; an additional 500 stock options are granted if a director has served for ten years or more; and an additional 1,000 stock options are granted if a director has served for twenty years or more. Such options are exercisable at any time upon the first anniversary of the grant date. The Corporation grants additional stock options upon the expiration or exercise of any such option if such exercise or expiration occurs no earlier than four years after date of grant, in an amount equal to the number of options that have been exercised or that have expired.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

The Corporation's executive officers and directors are required under Section 16(a) of the Securities Exchange Act of 1934 to file reports of ownership and changes in ownership with the SEC. Copies of those reports must also be furnished to the Corporation. Based solely on a review of the copies of reports furnished to the Corporation for the year ended December 31, 2011, the Corporation's executive officers and directors have complied with the Section 16(a) filing requirements, with the exception of two Form 3s filed late due to a delay in obtaining a Securities and Exchange Commission CIK code in order to electronically file the report, although timely requested.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Executive Officers

Compensation Discussion and Analysis: All matters concerning executive compensation for the Chief Executive Officer and other executive officers whose salaries are over \$200,000 per year are considered by the Corporation's Compensation Committee. Our compensation structure for our executives is designed to attract individuals with the skills necessary for us to achieve our business plan, to reward those individuals for successful performance over time, and to retain those executives who continue to perform at or above our expectations, without incurring risk-taking incentives that may adversely affect the Corporation. Our executives' compensation has three primary components: a base salary and stock option/restricted stock awards.

Base Salary. We fix the base salary of each of our executives at a level we believe enables us to hire and retain individuals in a competitive environment and rewards satisfactory individual performance and a satisfactory level of contribution to our overall business goals. We also take into account the base salaries paid by similarly sized companies and the base salaries of other companies with which we believe we compete for talent. To this end, we subscribe to certain executive compensation surveys and other databases and review them at least annually; but also when making crucial executive hiring decisions, or at the end of the term of any employment agreements into which we enter.

Cash Incentive Bonus: We design the cash incentive bonuses for our executives to focus the executive on achieving key financial and/or operational objectives within a yearly time horizon, as described in more detail below. Our President and Chief Executive Officer, J.M. Allain, receives a cash incentive bonus as a primary component of his compensation package.

Stock Option/Restricted Stock Awards. We occasionally grant stock options or restricted stock relating to employment agreements and/or to reward long-term performance. We believe that such compensation incentivizes each executive to create value for the Corporation, and ties executive performance directly to the financial performance of the Corporation as a whole. We take into consideration the executives tenure with the Corporation, as well as the availability of options, in addition to the executive's performance in determining grants of options and restricted stock awards.

We view the three primary components of our executive compensation as related but distinct. Although we review total compensation, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on our view of internal equity and consistency, individual performance and other information we deem relevant, such as the survey data referred to above. We believe that salary and cash incentive bonuses are primary considerations and that stock options/restricted stock awards are secondary considerations. Except as described below, we have not adopted any formal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation, or among different forms of compensation. This is due to the small size of our executive team, and our need to remain flexible and to tailor each executive's award to attract and retain that executive. For example, the Corporation, as an inducement to Mr. Allain to enter into his initial employment contract, granted him 50,000 restricted shares of Common Stock which vested 50% on the one year anniversary and the remaining 50% after two

years; this sort of inducement granting of restricted stock was unprecedented at the time, but our flexible compensation structure allowed us to reach this mutually beneficial arrangement.

In addition to the three primary components of compensation described above, we provide our executives with benefits that are generally available to our salaried employees. These benefits include health and medical benefits, flexible spending plans, life insurance and short and long-term disability. We also may provide our executives with severance, as described in more detail below.

No stock options were awarded during 2011 to any employees, and therefore, the Corporation did not record any related compensation expense. There are no stock option plans currently in effect providing for the grant of new options to employees.

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Cash Incentive Bonus. Cash incentive bonuses for our executives are established as part of their respective individual employment agreements, as applicable. Currently, J.M. Allain, our President and Chief Executive Officer, is the only executive officer of the Corporation entitled to a cash incentive bonus; his cash incentive bonus is determined in accordance with the terms of his employment agreement with the Company. As a general matter, the Compensation Committee is responsible for determining all criteria for the provision of any cash incentive bonuses awarded by the Corporation, and any such decisions by the Compensation Committee must be approved by the Board of Directors at the time any employment agreement contemplating a cash incentive bonus is entered into. Based on the financial standing of the Corporation, no cash incentive bonuses were paid for the year ended December 31, 2011.

Supplemental Executive Retirement Agreement. In accordance with the former President and Chief Executive Officer's agreement, he was due a supplemental executive retirement payment on July 1, 2010 in the amount of \$353,000 plus tax effect of approximately \$170,000, but has not yet been paid.

Other Benefits. Our executives are eligible to participate in all of our employee benefit plans, such as medical, group life and disability insurance, and our 401(k) plan, in each case on the same basis as our other employees. There were no special benefits or perquisites provided to any executive officer in 2011.

Compensation Consultants. The Corporation has not engaged the services of any outside compensation consultant for 2011.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K/A..

This report is submitted by the Compensation Committee. Its members are:

Jean Firstenberg, Chairperson

Elliot Sloyer

Salvatore Zizza

The following table provides certain summary information for the last two fiscal years of the Corporation concerning compensation paid or accrued by the Corporation and its subsidiaries to or on behalf of the Corporation's Chief Executive Officer, Chief Financial Officer and other Named Executive Officers of the Corporation.

Summary Compensation Table

Annual Compensation

Name and Principal Position	Year	Non-Equity					Earnings (\$)	All Other Compensation (\$)(1)	Total (\$)
		Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Incentive Plan Compensation (\$)			
J.M. Allain President and Chief Executive Officer	2011	254,808	-	-	-	-	-	18,640	273,448
	2010	215,145	-	48,500	-	-	-	15,000	278,645
Angela D. Toppi Executive Vice President, Chief Financial Officer and Assistant Secretary	2011	173,269	-	-	-	-	-	4,180	177,449

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2010 173,535 - - - - - 3,244,176,779

Kostas
Ktistakis
(2)Executive
Vice
President

2011 - - - - - - - - -
2010 - - - - - - - - -

Andrew
Aldrich (3)

-

Senior
Vice
President

and Chief
Strategy

Officer

2011 120,000 - - - - - - - 120,000
2010 - - - - - - - - -

Kristin A.
Kreuder (4)

Vice
President,
General

Counsel
and
Secretary

2011 93,473 - - -