

FIRST MARINER BANCORP
Form DEF 14A
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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FIRST MARINER BANCORP

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held Tuesday, May 6, 2003, AT 7:45 A.M.

at

FIRST MARINER BANCORP

3301 Boston Street

Baltimore, Maryland 21224

The Annual Meeting of Stockholders of First Mariner Bancorp, a Maryland corporation, will be held on May 6, 2003, at 7:45 a.m., local time, at First Mariner Bancorp, 3301 Boston Street, Baltimore, Maryland 21224 to consider and vote upon:

1. The election of nine directors, six to serve until the Annual Meeting of Stockholders to be held in 2006, two to serve until the Annual Meeting of Stockholders to be held in 2005 and one to serve until the Annual Meeting of Stockholders in 2004, and until their successors are duly elected and qualified.

2. To consider and act on a stockholder proposal regarding the separation of the positions of Chairman of the Board and Chief Executive Officer.

3. Any other matters that may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 28, 2003 will be entitled to notice of and to vote at the meeting or any adjournment thereof. Accompanying this notice is a proxy statement and proxy card. Whether or not you plan to attend the meeting, please indicate your choices on the matters to be voted upon, date and sign the enclosed proxy and return it to our transfer agent, American Stock Transfer & Trust Company, in the enclosed postage-paid return envelope. You may revoke your Proxy at any time prior to or at the meeting by voting at the meeting or by timely and proper delivery prior to the meeting of a duly executed later-dated proxy.

You are cordially invited to attend the meeting in person.

By Order of the Board of
Directors,

Eugene A. Friedman
SECRETARY

April 4, 2003

FIRST MARINER BANCORP

3301 Boston Street

Baltimore, Maryland 21224

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

To Be Held on Tuesday, May 6, 2003 AT 7:45 A.M.

SOLICITATION AND REVOCATION OF PROXIES

The enclosed proxy is solicited by the Board of Directors of First Mariner Bancorp (the "Company") for use at the Annual Meeting of Stockholders (the "Meeting") to be held on May 6, 2003 at First Mariner Bancorp, 3301 Boston Street, Baltimore, Maryland 21224. The proxy is revocable at any time prior to or at the Meeting by voting at the Meeting or by timely and proper delivery prior to the Meeting of a duly executed later-dated proxy. In addition to solicitation by mail, proxies may be solicited by officers, directors and employees of the Company who will not be specifically compensated for soliciting such proxies. The cost of soliciting proxies will be borne by the Company and may include reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners. Brokers and other persons will be reimbursed for their reasonable expenses in forwarding proxy materials to beneficial owners of the common stock of the Company registered in names of nominees. This proxy material is being sent to the Company's stockholders on or about April 4, 2003.

OUTSTANDING SHARES AND VOTING RIGHTS

Stockholders of record at the close of business on March 28, 2003 (the "Record Date") are entitled to notice of and to vote at the Meeting. As of the close of business on that date, there were outstanding and entitled to vote 5,394,586 shares of common stock, \$.05 par value ("Common Stock"), each of which is entitled to one vote.

The presence, in person or by proxy, of stockholders entitled to cast a majority of all votes entitled to be cast at the Meeting shall constitute a quorum. The affirmative vote of a majority of all shares voted at the Meeting is sufficient to carry motions presented with respect to Proposals One and Two described in this Proxy Statement. An abstention or broker non-vote is included for purposes of determining the presence or absence of a quorum for the transaction of business but is not included in calculating votes cast with respect to the Proposals. The Company designates individuals to serve as the Inspectors of Elections for purposes of tallying shares voted who will be present at the Meeting.

All proxies will be voted as directed by the stockholder on the proxy card. A proxy, if executed and not revoked, will be voted in the following manner (unless it contains instructions to the contrary, in which event it will be voted in accordance with such instructions):

FOR the nominees for directors named below.

AGAINST the stockholder proposal to separate the positions of Chairman of the Board and Chief Executive Officer.

If other matters are properly presented at the meeting, persons named as the proxies will have discretion to vote on those matters according to their best judgment.

If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed proxy will be voted as the Board of Directors recommends.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following sets forth information as of the Record Date relating to the beneficial ownership of the Common Stock by (i) each person or group known by the Company to own beneficially more than five percent (5%) of the outstanding Common Stock; (ii) each of the Company's directors and director nominees; and (iii) all directors and executive officers of the Company as a group. Unless otherwise noted below, the persons named in the table have sole investment powers with respect to each of the shares reported as beneficially owned by such person. Except as otherwise noted, the address of each person named below is the address of the Company.

Name and Address	Number of Shares	Percent of Class(1)
Edwin F. Hale, Sr. (2)	1,269,926	20.98%
Barry B. Bondroff (3)	52,708	0.98%

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Name and Address	Number of Shares	Percent of Class(1)
Thomas L. Bromwell	40	0.00%
John Brown III	200	0.00%
Edith B. Brown (4)	2,867	0.05%
Stephen A. Burch	2,200	0.04%
Rose M. Cernak (5)	42,031	0.78%
Joseph A. Cicero (6)	98,107	1.80%
Howard Friedman (7)	28,933	0.54%
Bruce H. Hoffman (8)	72,293	1.34%
George H. Mantakos (9)	92,723	1.70%
Jay J.J. Matricciani (10)	51,374	0.95%
James P. O'Connor (11)	40,280	0.74%
John J. Oliver, Jr. (12)	1,383	0.03%
Patricia Schmoke, MD (13)	1,200	0.02%
Hanan Y. Sibel (14)	42,976	0.80%
Leonard Stoler (15)	53,923	1.00%
Michael R. Watson (16)	1,402	0.03%
All directors and executive officers as a group (19 persons)(17)	1,905,451	30.52%
Jeffrey L. Gendell (18)	506,800	9.39%
237 Park Avenue Suite 900 New York, New York 10012		
Wellington Management Group, LLP 75 State Street Boston, Massachusetts 02109	280,200	5.19%

- (1) Includes shares of Common Stock subject to options and warrants held by the named individual which are exercisable as of or within 60 days of March 28, 2003.
- (2) Includes 12,530 shares in his Individual Retirement Account; also includes warrants to purchase 408,839 shares and options to purchase 248,661 shares.
- (3) Includes 37,408 shares in his Individual Retirement Account, 6,297 shares held jointly with his wife; also includes warrants to purchase 3,666 shares and options to purchase 5,337 shares.
- (4) Includes 1,000 shares owned by her husband in which she may be deemed to have beneficial ownership and options to purchase 867 shares.

- (5) Includes 11,000 shares held jointly with her husband, 4,000 shares owned by her husband in his Individual Retirement Account in which she may be deemed to have beneficial ownership, 4,000 shares held by Olde Obrycki's Crab House, Inc., of which she is the owner, and 100 shares owned by her granddaughter in which she may be deemed to have beneficial ownership; also includes warrants to purchase 3,666 shares and options to purchase 2,043 shares.
- (6) Includes 13,200 shares held jointly with his wife and options to purchase 55,667 shares.
- (7)

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Includes 10,440 shares owned by his son and 10,440 shares owned by his daughter in which he may be deemed to have beneficial ownership; also includes options to purchase 833 shares.

- (8) Includes 18,950 shares held jointly with his wife and 3,430 shares held in an Individual Retirement Account for his wife in which he may be deemed to have beneficial ownership; also includes warrants to purchase 3,666 shares and options to purchase 2,420 shares.
- (9) Includes 4,400 shares held in an Individual Retirement Account and 1,100 shares held jointly with his wife; also includes warrants to purchase 5,500 shares and options to purchase 53,383 shares.
- (10) Includes 22,000 shares held jointly with his wife, 11,200 shares held in an Individual Retirement Account, and 11,000 shares held by Matro Properties, of which he is a partner; also includes warrants to purchase 3,666 shares and options to purchase 3,453 shares.
- (11) Includes warrants to purchase 11,000 shares and options to purchase 2,100 shares.
- (12) Includes options to purchase 1,283 shares.
- (13) Includes options to purchase 1,100 shares.
- (14) Includes 26,100 shares held jointly with his wife, warrants to purchase 3,666 shares and options to purchase 2,210 shares.
- (15) Includes warrants to purchase 5,500 shares and options to purchase 1,823 shares.
- (16) Includes options to purchase 1,367 shares.
- (17) Includes warrants to purchase 449,169 shares and options to purchase 399,720 shares.
- (18) Represents shared power to vote or direct the vote of the shares and shared power to dispose of or direct the disposition of the shares with Tontine Partners, L.P., Tontine Financial Partners, L.P., Tontine Management, L.L.C. and Tontine Overseas Associates, L.L.C.

Proposal One: ELECTION OF DIRECTORS

The Board proposes the election of the nine directors named below, six to hold office for a three year term until the Annual Meeting of Stockholders to be held in the year 2006, two for a two year term until the Annual Meeting of Stockholders to be held in the year 2005, and one for a one year term until the Annual Meeting of Stockholders to be held in the year 2004 and until the election and qualification of their successors. All of the nominees are currently directors of the Company. The directors whose terms have not expired will continue to serve as directors until the expiration of their respective terms in accordance with the Company's Charter and By-Laws. It is not contemplated that any of the nominees will become unavailable to serve, but if that should occur before the Meeting, proxies that do not withhold authority to vote for the nominees listed below will be voted for another nominee, or nominees, selected by the Board of Directors. The Board of Directors of the Company recommends that stockholders vote **FOR** election of all nominees.

Information concerning the persons nominated for election and for those directors whose term of office will continue after the Meeting is set forth below.

Nominees for Election as Directors

Term to Expire in 2006

Name	Age	Director Since
Joseph A. Cicero	58	1996
Howard Friedman	37	1999
Jay J.J. Matricciani	61	1995
John J. Oliver, Jr.	57	1997
Hanan Y. Sibel	71	1995
Leonard Stoler	72	1995

Joseph A. Cicero is the President of the Company and Chief Operating Officer of the Bank. Mr. Cicero was Maryland Area President of First Union Bank during 1996 and Maryland Area President for First Fidelity Bank from November, 1994 to December, 1995. Prior thereto, he was Executive Vice President and Chief Financial Officer and Director of Baltimore Bancorp from January, 1992 to November, 1994.

Howard Friedman has been the Chairman of Circa Capital, since 1997. From 1987 to 1997 he was the Publisher and CEO of Whitemark Press, Inc.

Jay J.J. Matricciani has served as president of The Matricciani Company, a utility and paving contractor, since 1992. He is also a partner of Matro Properties, a heavy equipment rental company.

John J. Oliver, Jr. has been the CEO and Publisher of the Afro-American Newspapers since 1996.

Hanan Y. Sibel is the chief executive officer of Sibel Enterprises and Vice President of Nyberg & Assoc. He had previously served as Chairman/CEO of MAI-Chaimson, Inc., a food distribution company.

Leonard Stoler has been the owner and president of Len Stoler Inc., an automobile dealership, since 1968.

Term to Expire in 2005

Name	Age	Director Since
John Brown III	55	2002
Stephen A. Burch	53	2002

John Brown III is President of M.B.K. Enterprises, Inc. (R. J. Bentleys' Restaurant) and managing partner of the College Park Professional Center. Mr. Brown is also Chairman of the Maryland Stadium Authority.

Stephen A. Burch is President, Comcast Cable Atlantic Division for the past five years.

Term to Expire in 2004

Name	Age	Director Since
Thomas L. Bromwell	54	2002

Thomas L. Bromwell is the President and Chief Executive Officer of the Injured Workers Insurance Fund (IWIF). Mr. Bromwell served in the Maryland State Senate from 1983-2002.

Continuing Directors

Term to Expire in 2005

Name	Age	Director Since
Edwin F. Hale, Sr.	56	1995
Barry B. Bondroff	54	1995
Bruce H. Hoffman	55	1995
James P. O'Connor	74	1995
Patricia Schmoke, MD	49	1999

Edwin F. Hale, Sr. is Chairman and Chief Executive Officer of the Company and of First Mariner Bank (the "Bank"). He is also the Chairman of the Baltimore Blast Corp., an indoor soccer franchise. Mr. Hale is the former Chairman of the Board and Chief Executive Officer of Baltimore Bancorp, which is now Wachovia Corporation.

Barry B. Bondroff has been the managing officer of Grabush, Newman & Co., P.A. a certified public accounting firm, since 1982. Mr. Bondroff is a member of the American Institute of Certified Public Accountants, and is a former member of the Board of Directors of Baltimore Bancorp.

Bruce H. Hoffman is the Senior Vice President with Gilbane Contractors, a building company. He had previously served as the executive director of the Maryland Stadium Authority from 1989 until 1999. He is a former member of the Board of Directors of Baltimore Bancorp.

James P. O'Connor had previously served as chairman and chief executive officer of O'Connor, Piper & Flynn, a real estate brokerage company, since 1984. He is a former member of the Board of Directors of Baltimore Bancorp.

Patricia Schmoke, MD is a practicing ophthalmologist since 1982.

Continuing Directors**Term to Expire in 2004**

Name	Age	Director Since
Edith B. Brown	69	1998
Rose M. Cernak	72	1995
George H. Mantakos	60	1994
Michael R. Watson	60	1998

Edith B. Brown is an independent consultant providing marketing services. She previously served as the Director of Public and Community Relations at Centre Management, a sports and entertainment arena, since 1979.

Rose M. Cernak has been the owner and president of Olde Obrycki's Crab House, Inc. since 1995. Prior thereto, Ms. Cernak acted as a general manager and vice president of Obrycki's. She is a former member of the Board of Directors of Baltimore Bancorp.

George H. Mantakos is the Executive Vice President of the Company, and the President of the Bank. Mr. Mantakos previously served as President of the Company and Chief Executive Officer for the Bank. Prior thereto, Mr. Mantakos was a founder and organizer of Maryland Bank, FSB, the predecessor of the Bank.

Michael R. Watson is the President of the American Pilots Association. He was the former President of the Association of Maryland Pilots.

Director Emeritus

We currently have one director emeritus. Melvin S. Kabik, formerly a director of the Company, reached mandatory retirement age in 2001 and was appointed as a director emeritus.

BOARD MEETINGS AND COMMITTEES GOVERNANCE OF THE COMPANY

Our business, property and affairs are managed by or, are under the direction of, the Board of Directors, pursuant to the General Corporation Law of the State of Maryland and our by-laws. Members of the Board of Directors are kept informed of the Company's business through discussions with the Chairman, with the President and other Executive Officers, and with key members of management by reviewing materials provided to them and participating in meetings of the Board and its committees.

The Board of Directors and management have been reviewing the corporate governance policies and practices of the Company. This includes comparing our current policies and practices to policies and practices suggested by our outside counsel and other public companies. Based upon this review, we expect to adopt any changes that the Board of Directors believes are the best corporate governance policies and practices for the Company. We will adopt changes, as appropriate, to comply with the Sarbanes-Oxley Act of 2002 and any rule changes made by the Securities and Exchange Commission and Nasdaq.

The Board of Directors has an Executive Committee, an Audit Committee, a Community Action Committee and a Compensation Committee. During 2002, the Board of Directors met nine times, the Audit Committee met six times, the Community Action Committee met three times, and the Compensation Committee met once. Each director attended at least 75% or more of all meetings of the Board of Directors and Committees of the Board on which he or she served.

EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors serves as the Nominating Committee and serves as the Company's Asset and Liability Management Committee (ALCO). The Executive Committee consists of Edwin F. Hale, Sr. (Chairman), Barry B. Bondroff, Joseph A. Cicero, Bruce H. Hoffman, Michael Watson, George Mantakos and Jay J.J. Matricciani. In its capacity as the Nominating Committee, the Executive Committee selects qualified persons as nominees for election by the stockholders to the Company's Board of Directors. Its recommendations are presented to the Board of Directors at regularly scheduled meetings. The Executive Committee will also consider those recommendations by stockholders which are submitted in writing to the Secretary of the Corporation, giving the recommended candidates name, biographical data and other qualifications as required by the Company's bylaws.

In its capacity as the ALCO Committee, the Executive Committee reviews reports prepared by management, which include analysis of interest rate and liquidity risk, capital adequacy, and the performance and quality of the Company's investment portfolio. The ALCO Committee sets policies which govern interest rate and liquidity risk, capital adequacy, and investment portfolio management. The ALCO Committee meets quarterly and presents reports of its meetings to the full Board.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company is comprised of three independent directors, all of whom have no financial or personal ties to the Company (other than director compensation, equity ownership and loans made in the ordinary course of business as described in this proxy statement), as "independence" is defined in the National Association of Securities Dealers' listing standards and the provisions of the Sarbanes-Oxley Act of 2002 and the Final Rules adopted by the Securities Exchange Commission.

The Audit Committee discussed with the Company's senior management and independent auditors the process used for certifications by the Company's CEO and CFO which is required by the Securities

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The Audit Committee of the Board of Directors consists of Michael R. Watson (Chairman), Barry B. Bondroff and Jay J.J. Matricciani, each of whom is independent consistent with Nasdaq's independent director and audit committee listing standards. The Audit Committee meets with management and independent accountants to review financial results and the quarterly and annual reports, discuss the financial statements, the auditor's independence and accounting methods, and recommend and review with such accountants and management the internal accounting procedures and controls. The Audit Committee has the ultimate authority to hire and fire the independent public accountants and also reviews, considers and makes recommendations regarding proposed related party transactions, if any.

COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors consists of Barry B. Bondroff (Chairman), Edith Brown and Bruce H. Hoffman. The Committee reviews and determines salaries and other benefits for executive officers of the Company and its subsidiaries, reviews and determines the employees to whom stock options are to be granted and the terms of such grants, and reviews the selection of officers who participate in incentive and other compensation plans and arrangements.

COMMUNITY ACTION COMMITTEE

The Community Action Committee of the Board of Directors of the Company is comprised of three directors. The members of the Committee are John J. Oliver, Jr.,