

Rubicon Technology, Inc.
Form DEF 14A
April 13, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

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

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Rubicon Technology, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4)Date Filed:

RUBICON TECHNOLOGY, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 10, 2018

As a stockholder of Rubicon Technology, Inc., a Delaware corporation (the “Company,” “we,” “us” or “our”), you are cordially invited to attend the Annual Meeting of Stockholders of the Company (the “Annual Meeting”) to be held at 900 East Green Street, Bensenville, Illinois 60106, at 8:30 a.m. local time on May 10, 2018, for the following purposes:

1. To elect Timothy Brog and Michael Mikolajczyk as directors to serve for a three-year term;
2. To approve an amendment to our Certificate of Incorporation to decrease our authorized number of shares of preferred stock from 5 million shares (5,000,000) to 1 million (1,000,000) shares;
3. To ratify the selection of Marcum LLP our independent registered public accounting firm for the fiscal year ending December 31, 2018;
4. To approve, on a non-binding advisory basis, the compensation of our named executive officers (Say-on-Pay); and
5. To transact such other business as may properly come before the Annual Meeting or any continuation or adjournment thereof.

Our Board of Directors has fixed the close of business on March 21, 2018 as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting and at any postponement or adjournment thereof.

We hope that you can attend the Annual Meeting. Whether you attend the Annual Meeting or not, your vote is important, and we encourage you to vote your shares promptly. We are pleased to offer multiple options for voting your shares. You may vote your shares by proxy via the Internet or by telephone, mail or written ballot at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ MARDEL A. GRAFFY
MARDEL A. GRAFFY
SECRETARY

Bensenville, Illinois
April 12, 2018

This Notice of Annual Meeting and Proxy Statement are being distributed or made available, as the case may be, on or about April 16, 2018.

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to Be Held on May 10, 2018.

This Proxy Statement and the 2017 Annual Report are available with your 16-digit control number at:

www.proxyvote.com

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, ANNUAL MEETING AND VOTING</u>	1
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	8
<u>Nominees For Election</u>	8
<u>Directors Whose Terms Do Not Expire This Year</u>	10
<u>PROPOSAL 2: DECREASE IN AUTHORIZED SHARES OF PREFERRED STOCK</u>	11
<u>PROPOSAL 3: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	12
<u>PROPOSAL 4: ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	14
<u>CORPORATE GOVERNANCE</u>	15
<u>Director Independence</u>	15
<u>Board of Directors Leadership Structure</u>	15
<u>Board of Directors Oversight of Risk</u>	15
<u>Committees of the Board of Directors and Meetings</u>	16
<u>Code of Ethics</u>	18
<u>Policies and Procedures Governing Director Nominations</u>	18
<u>Stockholder Communications with the Board of Directors</u>	19
<u>Attendance at Annual Meeting</u>	19
<u>REPORT OF THE AUDIT COMMITTEE</u>	20
<u>DIRECTOR COMPENSATION</u>	21
<u>EXECUTIVE COMPENSATION</u>	23
<u>Executive Officers</u>	23
<u>Summary Compensation Table</u>	23
<u>Outstanding Equity Awards at 2017 Fiscal Year-End</u>	26
<u>Termination of Employment or Change in Control</u>	27
<u>Limitation on Liability and Indemnity</u>	28
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	29
<u>Security Ownership of Certain Beneficial Owners and Management</u>	29
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	31
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	32
<u>ADDITIONAL INFORMATION</u>	33
<u>2019 Stockholder Proposals for Inclusion in the Proxy Statement</u>	33
<u>Other Stockholder Proposals and Nominations</u>	33
<u>“Householding” of Proxy Materials</u>	33
<u>APPENDIX A Proposed Amendment to the Company’s Certificate of Incorporation</u>	A-1

RUBICON TECHNOLOGY, INC.

900 EAST GREEN STREET

BENSENVILLE, ILLINOIS 60106

Corporate Internet Site: www.rubicontechnology.com

PROXY STATEMENT

FOR THE

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 10, 2018

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, ANNUAL MEETING AND VOTING

1. Why am I receiving these materials?

We are providing this meeting notice, proxy statement and proxy card (the “Proxy Materials”) in connection with the solicitation by the Board of Directors of Rubicon Technology, Inc., a Delaware corporation (“Rubicon,” the “Company,” “we,” “us,” or “our”), of proxies to be voted at our 2018 Annual Meeting of Stockholders (the “Annual Meeting”). The proxies also may be voted at any continuations, adjournments or postponements of the Annual Meeting. This proxy statement contains information you may use when deciding how to vote in connection with the Annual Meeting. We are first sending the Proxy Materials to stockholders on or about April 16, 2018.

2. When and where is the Annual Meeting, and who may attend?

The Annual Meeting will be held on May 10, 2018 at 8:30 a.m. local time, at 900 East Green Street, Bensenville, Illinois 60106. Stockholders who are entitled to vote and our invited guests may attend the Annual Meeting.

3. What do I need to attend the Annual Meeting?

Stockholders of Record. If you are a “stockholder of record” and plan to attend the Annual Meeting, please bring photo identification.

Beneficial Owners. If you are a “beneficial owner” and you plan to attend the Annual Meeting, you must present proof of your ownership of shares of our common stock as of March 21, 2018, such as a bank or brokerage account statement or a letter from the bank, broker or other nominee indicating that you are the beneficial owner of the shares, as well as photo identification. If you wish to vote at the Annual Meeting, you must also obtain a signed proxy from your bank, broker, trustee or other nominee who holds the shares on your behalf in order to cast your vote.

The answer to Question 11 describes the difference between stockholders of record and beneficial owners.

4. What proposals are being presented for stockholder vote at the Annual Meeting?

There are four proposals from Rubicon to be considered and voted on at the Annual Meeting:

1. Proposal 1: To elect Timothy Brog and Michael Mikolajczyk as directors to serve for a three-year term (see page 8).

2. Proposal 2: To approve an amendment to our Certificate of Incorporation to decrease our authorized number of shares of preferred stock from 5 million (5,000,000) to 1 million (1,000,000) (see page 11).

3. Proposal 3: To ratify the selection of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018 (see page 12).

4. Proposal 4: To approve, on a non-binding advisory basis, the compensation of our named executive officers (Say-on-Pay) (see page 14).

5. How does the Board of Directors recommend that I vote?

Our Board recommends that you vote your shares:

FOR the election of the Board's nominees, Timothy Brog and Michael Mikolajczyk, as directors for a three-year term;

FOR the approval of an amendment to our Certificate of Incorporation to decrease our authorized number of shares of preferred stock from 5 million (5,000,000) to 1 million (1,000,000) shares of our preferred stock;

FOR the ratification of the selection of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and

FOR the resolution approving the compensation of our named executive officers (Say-on-Pay).

6. Are there any other matters to be acted upon at the Annual Meeting?

We do not expect any matters to be presented for action at the Annual Meeting other than the matters described in this proxy statement. If any matters not set forth in the meeting notice included in the Proxy Materials are properly brought before the Annual Meeting, the persons named in the enclosed proxy card will have the discretion to vote on those matters for you.

7. Who is entitled to vote at the Annual Meeting?

You are entitled to vote at the Annual Meeting if you owned shares of our common stock as of the close of business on the record date, March 21, 2018. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting and there is no cumulative voting. As of March 21, 2018, we had 2,739,691 shares of common stock outstanding. Both Delaware law and our Second Amended and Restated Bylaws (our “bylaws”) require our Board to establish a record date in order to determine who is entitled to receive notice of the Annual Meeting, and to vote at the Annual Meeting and any continuations, adjournments or postponements thereof.

8. How many stockholders must be present to hold the Annual Meeting?

Under Delaware law and our bylaws, holders of a majority of our outstanding shares of common stock as of the close of business on March 21, 2018 must be present in person or represented by proxy at the Annual Meeting. This is referred to as a quorum. The inspector of election will determine whether a quorum is present at the Annual Meeting. As of March 21, 2018, we had 2,739,691 shares of common stock outstanding. Accordingly, the presence of the holders of common stock representing at least 1,369,846 shares will be required to establish a quorum. Your shares are counted as present if you attend the Annual Meeting and vote in person or if you properly return a proxy over the Internet, by telephone or by mail. Abstentions and broker non-votes, if any, will be counted for purposes of establishing a quorum.

9. What happens if I do not submit voting instructions for a proposal? What is discretionary voting? What is a broker non-vote?

If you properly complete, sign, date and return a proxy card or voting instruction form, your shares of our common stock will be voted as you specify. If you are a stockholder of record and you sign and return a proxy card, but make no specifications on such proxy card, your shares of our common stock will be voted in accordance with the

recommendations of our Board, as provided above. If you are a beneficial owner and you do not provide voting instructions to your bank, broker, trustee or other nominee holding shares of our common stock for you, your shares of our common stock will not be voted with respect to any proposal for which the stockholder of record does not have discretionary authority to vote. Rules of the New York Stock Exchange (“NYSE”) determine whether proposals presented at stockholder meetings are “discretionary” or “non-discretionary.” If a proposal is determined to be discretionary, your bank, broker, trustee or other nominee is permitted under NYSE rules to vote on the proposal without receiving voting instructions from you. If a proposal is determined to be non-discretionary, your bank, broker, trustee or other nominee is not permitted under NYSE rules to vote on the proposal without receiving voting instructions from you. A “broker non-vote” occurs when a bank, broker, trustee or other nominee holding shares for a beneficial owner returns a valid proxy, but does not vote on a particular proposal because it does not have discretionary authority to vote on the matter and has not received voting instructions from the stockholder for whom it is holding shares.

10. How many votes are needed to approve the proposals? What is the effect of abstentions and broker non-votes on the outcome of the proposals?

Proposal	Voting Options	Vote Required to Adopt the Proposal	Effect of Abstentions	Effect of Broker Non-Votes
1: Election of two directors	For or withhold	Affirmative vote of a plurality of the shares present in person or by proxy and entitled to vote	N/A	No effect
2: Approval of amendment to our Certificate of Incorporation to decrease our authorized number of shares of preferred stock	For, against or abstain	Affirmative vote of a majority of the shares of common stock outstanding and entitled to vote	Treated as votes against	Treated as votes against
3: Ratification of the selection of our independent registered public accounting firm	For, against or abstain	Affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote	Treated as votes against	No effect
4: Approval, on a non-binding advisory basis, of executive compensation (Say-on-Pay)	For, against or abstain	Affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote	Treated as votes against	No effect

Our directors are elected by a plurality of the shares of our common stock present in person or by proxy and entitled to vote. At the Annual Meeting, two director seats are up for election. That means the director candidates receiving the highest number of “FOR” votes will be elected. Under our bylaws, all other matters require the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote, except as otherwise provided by statute, our Certificate of Incorporation or our bylaws. A properly executed card marked “WITHHOLD” with respect to the election of a director nominee will be counted for purposes of determining whether there is a quorum at the Annual Meeting, but will not be considered to have been voted on the director election.

11. What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered in your name on the books and records of our transfer agent, you are a “stockholder of record.” Rubicon sent the proxy materials directly to you.

If your shares are held for you in the name of your bank, broker, trustee or other nominee, your shares are held in “street name” and you are considered the “beneficial owner.” The proxy materials have been forwarded to you by your bank, broker, trustee or other nominee, who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee on how to vote your shares by using the voting instruction form provided by your nominee. The answer to Question 10 describes brokers’ discretionary voting authority and when your bank, broker, trustee or other nominee is permitted to vote your shares without instructions from you. The answer to Question 3 describes how beneficial owners may attend the Annual Meeting.

12. How do I vote?

Stockholders of Record. If you are a Stockholder of Record you may vote in person at the Annual Meeting or by one of the following methods:

By Telephone. Call the toll-free telephone number on the proxy card (1-800-690-6903) and follow the recorded instructions.

By Internet. Access the secure Internet website registration page noted on the proxy card and follow the instructions.

By Mail. Complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided.

Please refer to the specific instructions set forth on the proxy card you received.

If you are a Stockholder of Record, you may vote in person at the Annual Meeting, by accessing the secure Internet website registration page identified on the Notice of Internet Availability of Proxy Materials and following the instructions, or by mail or telephone if you request a printed copy of the Proxy Materials by calling the toll-free telephone number set forth on the Notice of Internet Availability of Proxy Materials (1-800-579-1639). Please refer to the specific instructions set forth in the Notice of Internet Availability of Proxy Materials you received.

Please note that the Internet and telephone voting facilities for Stockholders of Record will close at 11:59 p.m. Eastern Time on May 9, 2018. The individuals named as proxies on the proxy card will vote your shares in accordance with your instructions.

Beneficial Owners. If your shares of our common stock are held in a stock brokerage account by a bank, broker, trustee or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your bank, broker, trustee or other nominee that is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee on how to vote your shares of our common stock via the Internet or by telephone, if the bank, broker, trustee or other nominee offers these options or by completing, signing, dating and returning a voting instruction form. Your bank, broker, trustee or other nominee will send you instructions on how to submit your voting instructions for your shares of our common stock. If you wish to vote in person at the Annual Meeting, you must obtain a signed proxy from your bank, broker, trustee or other nominee who holds the shares on your behalf in order to cast your vote. For a discussion of the rules regarding the voting of shares of our common stock held by beneficial owners, please see the question above titled “What happens if I do not submit voting instructions for a proposal? What is discretionary voting? What is a broker non-vote?”

13. What can I do if I change my mind after I vote my shares?

If you are a stockholder of record, you can revoke your proxy before it is counted by (1) sending written notice of revocation that is dated later than the date of your proxy to Mardel A. Graffy, our Secretary, at 900 East Green Street, Bensenville, Illinois 60106, (2) timely delivering a valid, later-dated proxy that we receive no later than the conclusion of voting at the Annual Meeting, or (3) if you are present at the Annual Meeting, either voting in person or notifying the Secretary in writing at the Annual Meeting of your wish to revoke your proxy. Your attendance alone at the Annual Meeting will not be enough to revoke your proxy.

If you are a beneficial owner of shares of our common stock, you may submit new voting instructions by contacting your bank, broker, trustee or other nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to Question 12.

14. What if I do not specify a choice for a matter when returning a proxy?

Proxies that are signed and returned but do not contain voting instructions will be voted (1) “FOR” the election of Timothy Brog and Michael Mikolajczyk to a three-year term; (2) “FOR” the approval of an amendment to our Certificate of Incorporation to decrease our authorized number of shares of preferred stock from 5 million (5,000,000) to 1 million (1,000,000) shares of our preferred stock outstanding; (3) “FOR” the ratification of Marcum LLP as our independent registered accounting firm for the fiscal year ending December 31, 2018; and (4) “FOR” on a non-binding advisory basis, the compensation of our named executive officers (Say-on-Pay). If you are a beneficial owner see Question 15 below.

If necessary, and unless the shares represented by the proxy are voted in a manner contrary to the manner described in the preceding paragraph, the persons named in the proxy may also vote in favor of a proposal to recess the Annual Meeting and to reconvene it on a subsequent date or dates, without further notice, in order to solicit and obtain sufficient votes to approve or disapprove any matters being considered at the Annual Meeting.

15. Will my shares be voted if I do not provide my proxy or instruction form?

If you are a Stockholder of Record and do not provide a proxy, you must attend the Annual Meeting in order to vote. If you are a Beneficial Owner and hold shares through an account with a bank or broker, your shares may be voted on certain matters if you do not provide voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on routine matters. The ratification of the selection of independent auditors is considered a routine matter. The election of directors, the vote to amend the Company's Certificate of Incorporation and the advisory vote on executive compensation are not considered routine matters. When a proposal is not routine and the brokerage firm has not received voting instructions from the beneficial owner, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote. We urge you to give voting instructions to your broker on "Proposal 1—Election of Directors", "Proposal 2-Approval of Amendment to the Company's Certificate of Incorporate to Reduce the Number of Authorized Preferred Shares" and "Proposal 4— Advisory Vote on Executive Compensation."

16. What does it mean if I receive more than one proxy card?

If you received multiple proxy cards, it means that you hold your shares in different ways (e.g., trust, custodial accounts, joint tenancy) or in multiple accounts. You should complete, sign, date and return your proxy card(s), as described in each proxy card you received.

17. Who will pay for the cost of this proxy solicitation and how will the Company solicit votes?

We pay all expenses incurred in connection with this solicitation of proxies to vote at the Annual Meeting. In addition to solicitation by mail, some of our directors, officers and employees may solicit proxies in person or by telephone at no additional compensation. We will also request banks, brokers, trustees and other nominees holding shares of our common stock beneficially owned by others to forward these proxy materials to the beneficial owners and upon request we will reimburse such nominees for the customary costs of forwarding the proxy materials.

PROPOSAL 1: ELECTION OF DIRECTORS

Our bylaws permit our Board of Directors to establish by resolution the authorized number of directors. Our Board of Directors currently consists of four directors, who are divided into three classes with staggered three-year terms. The current terms of our Class II directors— Timothy Brog and Michael Mikolajczyk— will expire at this Annual Meeting. Following the recommendation of the Nominating and Governance Committee, the Board of Directors recommends the re-election of Messrs. Brog and Mikolajczyk, each for a three-year term.

The individuals named as proxies on the enclosed proxy card intend to vote your shares of common stock for the election of Messrs. Brog and Mikolajczyk, the nominees proposed by the Board, unless otherwise directed. Messrs. Brog and Mikolajczyk have consented to serving as a nominee and being named as a nominee in this proxy statement, and to serving as a director if elected at the Annual Meeting. However, if, contrary to our present expectations, Messrs. Brog and Mikolajczyk are unable to serve or for good cause will not serve, your proxy will be voted for a substitute nominee designated by our Board of Directors, unless otherwise directed.

All of our directors bring to our Board of Directors a wealth of executive leadership experience derived from their service as corporate executives as well as service as directors on other boards. When evaluating director candidates, the Nominating and Governance Committee takes into account all factors it considers appropriate, which include (i) ensuring that the Board of Directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, and financial expertise (including expertise that could qualify a director as a “financial expert,” as that term is defined by the rules of the SEC), and (ii) minimum individual qualifications, including strength of character, mature judgment, familiarity with the Company’s business and industry and independence of thought. The Nominating and Governance Committee also considers geographical, cultural, experiential and other forms of diversity when evaluating director candidates. In addition, the Nominating and Governance Committee also may consider the extent to which the candidate would fill a present need on the Board of Directors. Information about Messrs. Brog and Mikolajczyk and the rest of our current directors, including their business experience for the past five years, appears below.

NOMINEES FOR ELECTION

Class II Directors

Following are the Class II directors whose current term will expire at the 2018 Annual Meeting.

Timothy Brog, 54, joined us in May 2016 as a member of our Board of Directors and was appointed as our President and Chief Executive Officer effective March 17, 2017. Mr. Brog served on our Audit Committee from July 1, 2016 until March 17, 2017 and on the Compensation Committee from December 14, 2016 to March 17, 2017. From March 2015 until March 17, 2017, Mr. Brog served as the president of Locksmith Capital Management LLC, an investment advisory firm. Previously, he served as Chairman of the Board of Directors of Peerless Systems Corporation from June 2008 to February 2015, Chief Executive Officer from August 2010 to March 2015 and a director beginning in July 2007. Mr. Brog served as a Managing Director and Portfolio Manager to Locksmith Value Opportunity Fund LP from September 2007 to August 2010. He also served as Managing Director of E2 Investment Partners LLC, a special purpose vehicle to invest in Peerless, from March 2007 to July 2008. Prior to his experience at Locksmith Capital and E2 Investment Partners, Mr. Brog was President of Pembridge Capital Management LLC and the Portfolio Manager of Pembridge Value Opportunity Fund LP, a small cap value hedge fund, from June 2004 to September 2007. He also worked as the Managing Director of The Edward Andrews Group Inc., a boutique investment bank, from 1996 to 2007. From 1989 to 1995, Mr. Brog was a corporate finance and mergers and acquisitions associate of the law firm Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Brog is currently a director of Eco-Bat Technologies Limited and has previously served as Chairman of the Board and Chairman of the Audit Committee of Deer Valley Corporation from October 2014 to April 2015, and as a member of the board of directors of the Topps Company Inc. from July 2006 to October 2007. Mr. Brog received a JD from Fordham University School of Law in 1989 and a BA from Tufts University in 1986. Mr. Brog's qualifications to serve on our Board of Directors include his legal, investment banking, executive management and financial analysis experience.

Michael Mikolajczyk, 66, has served as a member of our Board of Directors from June 2001 until May 2002 and rejoined our Board of Directors in March 2004. Mr. Mikolajczyk was elected as the chairman of our Board of Directors in December 2017. Mr. Mikolajczyk also serves as a member of our Audit, Compensation, and Nominating and Corporate Governance Committees. Since September 2003, Mr. Mikolajczyk has served as managing director of Catalyst Capital Management, LLC, a private equity firm. From 2001 through 2003, Mr. Mikolajczyk worked as an independent consultant providing business and financial advisory services to early stage and mid-cap companies. Mr. Mikolajczyk also served as vice chairman of Diamond Management & Technology Consultants, Inc., a management and technology consulting firm, from 2000 to 2001, president from 1998 to 2000 and chief financial officer from 1994 to 1998. Mr. Mikolajczyk served as chief financial officer of Technology Solutions Company, a business solutions provider, from 1993 to 1994. In addition, Mr. Mikolajczyk served as a director of Diamond Management & Technology Consultants, Inc. from 1994 to 2010 and served as director of Kanbay International, Inc. from 2004 to 2007. Mr. Mikolajczyk is a CPA in the State of Michigan and holds an MBA from Harvard Business School and a BS in business from Wayne State University. Mr. Mikolajczyk's qualifications to serve on our Board of Directors include his experience as an operating executive and his years of experience providing business and financial advisory services. Mr. Mikolajczyk is a financial expert with extensive experience in corporate governance.

Vote Required to Elect Director

Under our bylaws, our directors are elected by a plurality of the shares present in person or by proxy and entitled to vote. For more information on the voting requirements, see "Questions and Answers about the Proxy Materials, Annual Meeting and Voting."

Recommendation of Our Board of Directors

OUR BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF OUR DIRECTOR NOMINEES, MESSRS. BROG AND MIKOLAJCZYK

DIRECTORS WHOSE TERMS DO NOT EXPIRE THIS YEAR

Class I Director

Susan M. Westphal, 53, is a continuing Class I director whose current term expires at our 2020 Annual Meeting. Ms. Westphal had served as a member of our Board of Directors since March 17, 2017. She currently serves as a member of the Audit, Compensation, and Nominating and Corporate Governance Committees. Ms. Westphal, has been Chief Counsel at Melissa & Doug, LLC, a leading designer and manufacturer of educational toys and children's' products, since February 2016. Ms. Westphal is responsible for a range of legal, strategic, and organizational matters. From January 2012 to January 2016, Ms. Westphal was an attorney with Brody and Associates, LLC. Ms. Westphal was previously an attorney at law firms including Epstein, Becker, & Green, p.c, where she represented corporate clients in litigations and negotiations in commercial, real estate, and employment matters. She holds a JD from The George Washington University National Law Center and a BA from Tufts University. Ms. Westphal's qualifications to serve on our Board of Directors include her extensive legal and negotiation experience.

Class III Director

Jefferson Gramm, 42, is a continuing Class III director whose current term will expire at our 2019 Annual Meeting. Mr. Gramm in connection with a Stock Purchase Agreement, dated November 16, 2017 was appointed to the Board on November 16, 2017. In the event that Mr. Gramm is unable to serve as director, resigns as a director or is removed as a director without cause prior to the 2019 Annual Meeting, Bandera Master Fund L.P., party to the before mentioned stock purchase agreement, shall have the ability to recommend a substitute person for appointment or election to the Board subject to Board approval. He currently serves as a member of our Audit, Compensation and Nominating and Governance Committees. Mr. Gramm has served as managing director, managing partner and portfolio manager of Bandera Partners, LLC a value-orientated investment partnership, and Bandera Partners Management LLC, an affiliate general partner entity, since August 2006. Previous to Bandera Partners, Mr. Gramm was a managing director of Arklow Capital LLC, a hedge fund manager focused on distressed and value investments from October 2004 to July 2006. Mr. Gramm serves as a director of Tandy Leather Company a distributor of leather and related products, since 2014 and as chairman of the board since 2017. From April 2013 to May 2014, Mr. Gramm served as director of Morgan's Foods Inc., a restaurant company and from May 2014 to October 2015 as director of Ambassadors Group, Inc., an educational travel company. He holds an MBA from Columbia University and a BA in philosophy from the University of Chicago. Mr. Gramm's qualifications to serve on our Board of Directors include his extensive experience in finance especially in areas of reviewing acquisition targets and negotiating and complete potential acquisitions.

PROPOSAL 2: DECREASE IN NUMBER OF AUTHORIZED SHARES OF PREFERRED STOCK

Overview

Our Certificate of Incorporation currently provides that 5 million shares of preferred stock are authorized for issuance. Our Board has unanimously approved and recommended to our stockholders for approval an amendment to our Certificate of Incorporation to decrease our authorized number of shares of preferred stock. The proposed amendment would reduce our authorized preferred shares to 1 million shares.

Our Board reserves the right to elect not to proceed with this proposed amendment to our Certificate of Incorporation if, at any time prior to its filing, our Board, in its sole discretion, determines that it is no longer in our best interests or the best interests of our stockholders to decrease our authorized number of shares of preferred stock.

The proposed amendment to our Certificate of Incorporation to decrease the number of our authorized shares preferred stock is substantially in the form set forth in Appendix A to this proxy statement.

Reasons for Decrease in Authorized Shares of Preferred Stock

Our Board has determined that the proposed decrease in the authorized number of shares of our preferred stock is in the Company's and our stockholders' best interests because the Company believes it will reduce Company expenses. The Company believes that 1 million shares of preferred stock is sufficient to meet its needs for equity financing, stock splits and stock dividends, employee equity incentives or other corporate purposes as may be deemed by the Board of Directors to be in the best interest of the Company and its stockholders from time to time. At present, our Board has no immediate plans, arrangements or understandings to issue shares of preferred stock.

Certain Risks and Potential Disadvantages Associated with the Decrease in Authorized Preferred Stock

The proposed decrease in the authorized number of shares of our preferred stock could have an adverse effect on us because the Board will have less ability to issue shares of preferred stock in connection with a potential merger or acquisition, or capital raising transaction. Authorized but unissued shares of our preferred stock are available for future issuance as may be determined by our Board without further action by our stockholders, unless stockholder

approval is required by applicable law or securities exchange listing requirements in connection with a particular transaction. These additional shares may be issued in the future for a variety of corporate purposes including, but not limited to, raising additional capital, corporate acquisitions and equity incentive plans. Future issuances of shares of preferred stock could have the effect of making it more difficult for a third party to acquire control of our Company. In addition, the issuance of additional shares, or the perception that additional shares may be issued could also adversely affect the market price of our common stock.

Effective Time of Decrease in Authorized Shares of Preferred Stock

Following stockholder approval of this Proposal 2, the decrease in authorized shares of preferred stock would become effective upon the filing of a certificate of amendment to our Certificate of Incorporation with the Secretary of State of the State of Delaware, or such later effective time as is specified in such certificate of amendment as permitted under Delaware law. The exact timing of the amendment will be determined by our Board based on its evaluation as to when such action will be the most advantageous to us and our stockholders. Our Board reserves the right, notwithstanding stockholder approval and without further action by the stockholders, to elect not to proceed with the amendment to decrease the authorized number of shares if, at any time prior to filing the amendment to our Certificate of Incorporation, our Board, in its sole discretion, determines that it is no longer in our best interests or the best interests of our stockholders to decrease the authorized number of shares of preferred stock.

If the amendment is filed, at the effective time of the amendment, shares of our preferred stock authorized for issuance will be decreased to 1 million shares.

Recommendation of the Board of Directors

OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF THE AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO DECREASE THE AUTHORIZED NUMBER OF SHARES OF OUR PREFERRED STOCK.

PROPOSAL 3:

**RATIFICATION OF SELECTION OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

After soliciting and considering proposals from several firms including Grant Thornton LLP (“Grant Thornton”), on December 28, 2017, the Audit Committee of the Board of Directors dismissed Grant Thornton as the Company’s independent registered public accounting firm and approved the selection of Marcum LLP (“Marcum”) to serve as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017 and engaged Marcum as of December 28, 2017.

The Audit Committee of the Board of Directors has selected Marcum LLP (“Marcum”) to serve as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2018 and is submitting this matter to the stockholders for ratification at the Annual Meeting. One or more representatives of Marcum will be present at the Annual Meeting to make a statement if they desire to do so and to be available to respond to appropriate questions that may be asked by stockholders.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of Marcum as our independent registered public accounting firm. However, the Board is submitting the selection of Marcum to the stockholders for ratification as a matter of good corporate practice. In the event the proposal to ratify the selection of Marcum is defeated, the adverse vote will be considered as a direction to the Board to select another independent registered public accounting firm for the next fiscal year ending December 31, 2019. However, because of the expense and difficulty in changing independent registered public accounting firms after the beginning of a year, the Board intends to allow the appointment of Marcum for the fiscal year ending December 31, 2018 to stand unless the Board finds other reasons for making a change.

During the Company’s fiscal years ended December 31, 2015 and 2016 and the subsequent interim period through December 28, 2017, neither the Company, nor anyone acting on its behalf, consulted Marcum regarding (1) the application of accounting principles to a specified transaction, either completed or proposed; (2) the type of audit opinion that might be rendered on the Company’s financial statements, and Marcum did not provide any written report or oral advice that Marcum concluded was an important factor considered by the Company in reaching a decision as any such accounting, auditing, or financial reporting issue; or (3) any matter that was either the subject of a “disagreement” as that term is defined in Item 304(a)(1)(iv) and the related instructions to Item 304 of Regulation S-K or a “reportable event” as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

During the Company's fiscal years ended December 31, 2015 and 2016 and the subsequent interim period through December 28, 2017, there were: (1) no disagreements as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K, between the Company and Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Grant Thornton would have caused it to make reference thereto in its reports on the Company's financial statements for such years; and (2) no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K. Grant Thornton's audit reports on the Company's consolidated financial statements for the fiscal years ended December 31, 2016 and 2015 did not contain an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

The Company provided Grant Thornton a copy of its disclosures when it first reported its change in certifying accountant on Form 8-K dated January 2, 2018 and requested that Grant Thornton furnish a letter addressed to the Securities and Exchange Commission stating whether or not it agreed with the Company's statements and if not, stating the respects in which it did not agree. A copy of the letter dated December 28, 2017, is filed as Exhibit 16.1 to the Company's Current Report on Form 8-K filed with the SEC on January 2, 2018. A representative of Grant Thornton is not expected to be present at the Annual Meeting.

Audit Fees

The aggregate fees billed by Marcum for audit services (audit of the Company's annual financial statements and assistance with and review of SEC filings) for fiscal 2017 was \$83,000.

The aggregate fees billed by Grant Thornton for audit services (audit of the Company's annual financial statements, reviews of the Company's interim unaudited financial statements, and assistance with and review of SEC filings) for fiscal 2017 and fiscal 2016 were \$94,201 and \$282,044, respectively.

Audit-Related Fees

There were no audit-related fees billed by Marcum in fiscal 2017. There were no audit-related fees billed by Grant Thornton in fiscal 2017 or fiscal 2016.

Tax Fees

There were no such fees billed by Grant Thornton or Marcum in fiscal 2017. The aggregate fees billed by Grant Thornton in fiscal 2016 for tax planning services were \$12,480.

All Other Fees

There were no other fees billed by Marcum in fiscal 2017 or Grant Thornton in fiscal 2017 or fiscal 2016 for any other services.

Pre-Approval Policy and Procedures

In accordance with the Sarbanes-Oxley Act of 2002, the Audit Committee is required to pre-approve all auditing services and permissible non-audit services, including related fees and terms, to be performed for the Company by its independent registered public accounting firm subject to the de minimis exceptions for non-audit services described under the Exchange Act, which are approved by the Audit Committee prior to the completion of the audit. In fiscal 2017 and fiscal 2016, the Audit Committee pre-approved all audit and non-audit services provided to the Company by its independent registered public accounting firm.

Vote Required

Approval of this proposal requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy and entitled to vote. For more information on the voting requirements, see “Questions and Answers about the Proxy Materials, Annual Meeting and Voting.”

Recommendation of the Board of Directors

OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF THE SELECTION OF MARCUM LLP TO SERVE AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018.

PROPOSAL 4:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Overview

The Company is providing its stockholders an advisory vote on executive compensation as required by Section 14A of the Exchange Act and Rule 14a-21 promulgated thereunder. The advisory vote on executive compensation is a non-binding vote to approve the compensation of the Company's named executive officers, as disclosed pursuant to SEC rules in this proxy statement, including the compensation tables and the accompanying narrative disclosure. The advisory vote on executive compensation is not a vote on the Company's general compensation policies or compensation of the Board of Directors.

The Company's executive compensation programs are designed to attract, motivate and retain highly qualified executive officers who are able to achieve corporate objectives and create stockholder value. The Compensation Committee believes the Company's executive compensation programs reflect a strong pay-for-performance philosophy and are well aligned with the stockholders' long-term interests. The Compensation Committee believes the Company's executive compensation programs have been effective at incentivizing the achievement of improved financial performance and returns to stockholders.

At our 2017 annual meeting of stockholders, the Company's stockholders approved a one-year frequency for the stockholder advisory vote to approve executive compensation. While the stockholder vote on the frequency of future advisory votes on executive compensation is not binding, the Board will take it into consideration when determining the frequency of future advisory votes to approve executive compensation.

Stockholders are being asked to vote on the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to SEC rules in this proxy statement, including the compensation tables and accompanying narrative disclosure under "Executive Compensation," is hereby **APPROVED**.

While this advisory vote on executive compensation is not binding on the Board of Directors, the Board of Directors will take into account the result of the vote when determining future executive compensation arrangements.

Vote Required

Approval of this proposal requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy and entitled to vote. For more information on the voting requirements, see “Questions and Answers about the Proxy Materials, Annual Meeting and Voting.”

Recommendation of the Board of Directors

OUR BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” THE RESOLUTION APPROVING EXECUTIVE COMPENSATION.

CORPORATE GOVERNANCE

DIRECTOR INDEPENDENCE

Our Board of Directors undertook a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our Board of Directors determined that Messrs. Mikolajczyk, Gramm and Ms. Westphal are independent under the standards for director independence adopted by the Board of Directors and are “independent directors” as defined under the rules of the NASDAQ Stock Market. Based on the foregoing, our Board o