

ADVANTAGE TECHNOLOGIES GROUP INC
Form DEF 14A
January 20, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20649

SCHEDULE 14A INFORMATION

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

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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
 Definitive Additional Materials
 Soliciting Material Pursuant to § 240.14a-12

ADDvantage Technologies Group, Inc.

(Name of Registrant As Specified In Its Charter)

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

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 T No fee required.

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- 1) Amount Previously Paid:
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3) Filing Party:

4) Date Filed:

ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012

NOTICE OF ANNUAL MEETING

Date: Wednesday, March 1, 2017

Time: 9:00 A.M.

Place: Corporate Office of ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012

Matters to be voted on:

1. Election of six directors.
2. Ratification of the appointment of HoganTaylor LLP as our independent registered public accounting firm for fiscal 2017.
3. Proposal to approve, on an advisory basis, the compensation of our named executive officers.
4. Any other business as may properly come before the shareholders at the meeting.

Your vote at the annual meeting is important to us. Please vote your shares of common stock by completing the enclosed proxy card and returning it to us in the enclosed envelope. This proxy statement has information about the annual meeting and was prepared by our management and our Board of Directors. This proxy statement is first being sent to shareholders on or about February 1, 2017. Please note that our annual report accompanies this mailing of the proxy statement.

By Order of the Board of Directors,

/s/ Scott Francis

Scott Francis, Vice President, Chief Financial Officer and Secretary

January 19, 2017

ADVANTAGE TECHNOLOGIES GROUP, INC.
PROXY STATEMENT

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ADDvantage Technologies Group, Inc.
1221 East Houston
Broken Arrow, Oklahoma 74012

PROXY STATEMENT FOR 2017 ANNUAL MEETING

GENERAL INFORMATION ABOUT THE MEETING AND VOTING

Who can attend the annual meeting?

All shareholders as of the record date, January 11, 2017.

Who can vote?

You can vote your shares of common stock if our records show that you owned the shares on January 11, 2017. A total of 10,134,235 shares of common stock can vote at the annual meeting. You get one vote for each share of common stock. We do not recognize cumulative voting for the election of our directors. The enclosed proxy card shows the number of shares you can vote.

How do I vote by proxy?

Follow the instructions on the enclosed proxy card to vote on each proposal to be considered at the annual meeting. Sign and date the proxy card and mail it back to us in the enclosed envelope. The proxyholders named on the proxy card will vote your shares as you instruct. If you sign and return the proxy card but do not vote on a proposal, the proxyholders will vote for you on that proposal. Unless you instruct otherwise, the proxyholders will vote for each of the six directors, for the ratification of the appointment of HoganTaylor LLP as our independent registered public accounting firm and for the approval of executive compensation.

What if other matters come up at the annual meeting?

The matters described in this proxy statement are the only matters we know will be voted on at the annual meeting. If other matters are properly presented at the meeting, any proxies returned to us will be voted as the proxyholders see fit.

Can I change my vote after I return my proxy card?

Yes. At any time before the vote on a proposal, you can change your vote either by giving our Secretary a written notice revoking your proxy card or by signing, dating and returning to us a new proxy card. We will honor the proxy card with the latest date. Attendance at the annual meeting will not, by itself, revoke your proxy card.

Can I vote in person at the annual meeting rather than by completing the proxy card?

Although we encourage you to complete and return the proxy card to ensure that your vote is counted, you can attend the annual meeting and vote your shares in person. If your shares are held in the name of your broker, a bank, or other nominee, that party should give you instructions for voting your shares.

How are votes counted?

We will hold the annual meeting if holders of a majority of the shares of common stock entitled to vote either sign and return their proxy cards or attend the meeting. If you sign and return your proxy card, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card. Votes will be tabulated by an inspector of election appointed by our Board of Directors. Abstentions from voting, which you may specify on the ratification of the appointment of HoganTaylor LLP as our independent registered public accounting firm and the proposal for the approval of executive compensation, will have the effect of a negative vote.

If your shares are held in the name of a nominee, and you do not tell the nominee how to vote your shares (so-called “broker nonvotes”), the nominee may vote them on the proposal to ratify the appointment of HoganTaylor LLP as our independent registered public accounting firm. Uninstructed nominees are not permitted to vote for directors or on the proposal for the approval of executive compensation. Broker nonvotes will be counted as present to determine if a quorum exists.

What percentage of stock are the directors and executive officers entitled to vote at the annual meeting?

Together, they beneficially own 3,177,393 shares of our common stock, or 30.3% of the stock entitled to vote at the Annual Meeting.

Who are the largest principal shareholders?

David E. Chymiak, our Chairman of the Board and Chief Technology Officer, beneficially owns 2,683,403 shares (26.3%) of our common stock. His

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brother, Kenneth A. Chymiak, beneficially owns 2,234,366 shares (22.1%) of our common stock.

Who pays for this proxy solicitation?

The accompanying proxy is solicited by and on behalf of our Board of Directors, and the entire cost will be paid by us. In addition to sending you these materials, some of our employees may contact you by telephone, by mail or in person. None of these employees will receive any extra compensation for doing this, but they may be reimbursed for their out of pocket expenses incurred while assisting us in soliciting your proxy.

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IDENTIFICATION OF OFFICERS

We have three executive officers. Our officers are elected by our Board of Directors and serve at the pleasure of the Board of Directors.

David L. Humphrey

Biographical information for Mr. Humphrey, President and Chief Executive Officer since April 2012, is set forth below in Proposal No. 1, Election of Directors.

David E. Chymiak

Biographical information for Mr. Chymiak, Chief Technology Officer since April 2012, is set forth below in Proposal No. 1, Election of Directors.

Scott A. Francis

Scott A. Francis, 49, has been our Vice President and Chief Financial Officer since September 15, 2008 and was appointed Secretary on August 6, 2009. Mr. Francis has over 25 years of finance and management experience. Prior to joining ADDvantage, he served as a controller of accounting at Vanguard Car Rental USA, Inc. from June 2004 until September 2008. Prior to that, he served as manager of financial reporting for WilTel Communications, Inc. from 1997 through May 2004. Mr. Francis is a certified public accountant with a bachelor of business administration degree in accounting from Oklahoma State University.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table shows the number of shares of common stock beneficially owned (as of January 11, 2017) by:

- each person known by us who beneficially owns more than 5% of any class of our voting stock;
- each director and nominee for director;
- each executive officer named in the Summary Compensation Table on page 15; and
- our directors and executive officers as a group.

Except as otherwise indicated, the beneficial owners listed in the table have sole voting and investment powers of their shares.

Name and Address Of <u>Beneficial Owner</u>	Number of Shares of Common Stock <u>Beneficially</u> <u>Owned (1)</u>	Percent Of <u>Class</u> <u>(1)</u>
David E. Chymiak 1221 East Houston Broken Arrow, OK 74012	2,683,403 (2) (7)	26.3 %
Kenneth A. Chymiak 15512 Larsen Street Overland Park, KS	2,234,366 (5) (7)	22.1 %
Susan C. Chymiak 15512 Larsen Street Overland Park, KS	2,234,366 (6) (7)	22.1 %
Thomas A. Satterfield, Jr. 2609 Caldwell Mill Lane Birmingham, AL 35243	867,000 (9)	8.6 %
David L. Humphrey	261,589 (3)	1.8 %
Scott A. Francis	105,967 (4)	1.0 %
Thomas J. Franz	50,326	*
Joseph E. Hart	13,447	*
James C. McGill	50,346	*
David W. Sparkman	12,315	*
All Executive Officers and Directors as a group (7 persons)	3,177,393 (8)	30.3 %

* Less than one percent.

Shares which an individual has the right to acquire within 60 days pursuant to the exercise of options are deemed to be outstanding for the purpose of computing the percentage ownership of such individual, but are not deemed to be (1) outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Includes shares for which the person has sole voting and investment power, or has shared voting and investment power with his/her spouse.

(2) Includes 38,334 shares subject to stock options which are fully exercisable.

(3) Includes 226,666 shares subject to stock options which are fully exercisable.

(4) Includes 83,334 shares subject to stock options which are fully exercisable.

(5) Of the shares beneficially owned by Mr. Chymiak, 250,000 are held of record by him as trustee of the Ken Chymiak Revocable Trust and 1,796,000 are held of record by his spouse, Susan C. Chymiak as trustee of the Susan Chymiak Revocable Trust. Mr. Chymiak has sole voting and investment power over those shares held of record by him. Mr. Chymiak disclaims beneficial ownership of the shares held by his wife.

Of the shares beneficially owned by Ms. Chymiak, 1,796,000 are held of record by her as trustee of the Susan Chymiak Revocable Trust and 250,000 are held of record by her spouse, Kenneth A. Chymiak as trustee of the Ken Chymiak Revocable Trust. Ms. Chymiak has sole voting and investment power over those shares held of record by her. Ms. Chymiak disclaims beneficial ownership of the shares held by her husband.

(6) Of the shares beneficially owned by Mr. David Chymiak, Mr. Kenneth Chymiak and Ms. Chymiak, 323,807 shares (7) are owned by Chymiak Investment LLC. Chymiak Investment LLC is equally-owned by Mr. David Chymiak, his spouse, Mr. Kenneth Chymiak and Ms. Chymiak.

(8) Includes 348,334 shares subject to stock options which are fully exercisable.

Based on a Schedule 13G/A, filed on January 29, 2016, of Mr. Satterfield's reported ownership, 35,000 shares are held jointly with Mr. Satterfield's spouse; 1,000 shares are held individually by Mr. Satterfield's spouse; 75,000 shares are held by Tomsat Investment & Trading Co., Inc., a corporation wholly-owned by Mr. Satterfield and of which he serves as President; and 300,000 shares are held by Caldwell Mill Opportunity Fund, which fund is (9) managed by an entity of which Mr. Satterfield owns a 50% interest and serves as Chief Investment Manager.

Additionally, Mr. Satterfield has limited powers of attorney for voting and disposition purposes with respect to the following shares: A.G. Family L.P. (375,000 shares); Jeanette Satterfield Kaiser (31,000 shares); Richard W. Kaiser, III (15,000 shares); and David Satterfield (18,000 shares). These individuals and entities have the right to receive or the power to direct the receipt of the proceeds from the sale of their respective shares.

The following table provides information at September 30, 2016 with respect to compensation plans under which our equity securities are authorized for issuance.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	570,000	\$2.73	434,211
Equity compensation plans not approved by security holders	0	0	0
Total	570,000	\$2.73	434,211

PROPOSAL NO. 1
ELECTION OF DIRECTORS

All of the members of our current Board of Directors are included as Nominees to be elected at the annual meeting. The directors will be elected for one-year terms expiring at the next annual meeting. Our bylaws provide that our Board shall consist of not less than one nor more than nine directors, as determined from time to time by board resolution. Our Board has established the number of directors for the 2017 fiscal year to be six.

Vote Required. The six nominees receiving the highest number of votes will be elected. Votes withheld for a nominee will not be counted. You get one vote for each of your shares of common stock for each of the directorships.

Nominations. At the annual meeting, we will nominate as directors the persons named in this proxy statement. Although we do not know of any reason why one of these nominees might not be able to serve, our Board of Directors will propose a substitute nominee if any nominee is unavailable for election.

General Information About the Nominees. All of the nominees are currently directors of ADDvantage. Each has agreed to be named in this proxy statement and to serve as director if elected. The ages listed for the nominees are as of January 11, 2017.

The following information, including principal occupation or employment for the past five or more years and a summary of each individual's experience, qualifications, attributes or skills that have led to the conclusion that each individual should serve as a director in light of our current business and structure, is furnished with respect to each nominee.

David E. Chymiak Director since 1999

David E. Chymiak, 71, was appointed as our Company's Chairman of the Board on August 12, 2014. He was appointed as our Company's Chief Technology Officer on April 2, 2012. He was the Chairman of our Board from 1999 until April 2, 2012. Since 1985, Mr. Chymiak has overseen the operations of our Cable Television segment. Mr. Chymiak brings extensive experience with the various technologies and products within the cable television

industry to our Board of Directors with respect to industry matters. Mr. Chymiak also brings to the Board of Directors business leadership and corporate strategy.

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David L. Humphrey Director since April 2013

David L. Humphrey, 61, is currently our President and Chief Executive Officer since April 2, 2012. Prior to joining the Company, from November 2011 to March 2012, Mr. Humphrey was the Chief Executive Officer of two start-up venture capital companies. From 2010 to 2011, Mr. Humphrey was the Chief Executive Officer and Chief Financial Officer of TokenEx, an early-stage technology company focused on cyber security software, where he oversaw operations production, finance, purchasing, sales, product development and fund raising. From 2003 to 2010, Mr. Humphrey was the Chief Operating Officer of Oklahoma Equity Partners, a venture capital fund, where he was responsible for all operations of the venture fund. Mr. Humphrey graduated with a bachelor of science degree in chemical engineering from the University of Wisconsin and earned an MBA from Texas A&M University. Mr. Humphrey served on the Board of Directors of MacroSolve, Inc. from 2004 to 2012 and during 2014. As discussed below, director James C. McGill served in various executive and board of director positions with MacroSolve. As our current President and Chief Executive Officer, Mr. Humphrey provides a management representative on the Board of Directors with extensive knowledge of our day-to-day operations. As a result, he facilitates the Board of Directors' access to timely and relevant information and its oversight of management's strategy, planning and performance. He has extensive experience in the management of companies in a wide range of industries and brings to the Board of Directors business leadership and corporate strategy.

Thomas J. Franz Director since August 2007

Thomas J. Franz, 58, is currently head of TJ Franz & Associates, a firm specializing in profitability and contract CFO consulting for small and medium sized businesses, which he founded in 2003. For the 10 years prior, he served as Chief Financial Officer for several businesses and served in a Chief Operating Officer role as well. From 1983 to 1993 Mr. Franz held several public accounting roles for clients in the banking, government, venture capital, not for profit and financial services industries. Mr. Franz is a certified public accountant with a bachelor of business administration degree from Oklahoma State University where he also received a masters degree in accounting. Mr. Franz's background in business leadership, corporate strategy and financial and operating expertise allows him to provide significant input to our Board of Directors.

Joseph E. Hart