

FIRST MARINER BANCORP
Form DEF 14A
April 01, 2005

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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
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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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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held Tuesday, May 3, 2005, AT 7:15 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 3, 2005, at 7:15 a.m., local time, at First Mariner Bancorp, 3301 Boston Street, Baltimore, Maryland 21224 to consider and vote upon:

1. The election of six directors to serve until the Annual Meeting of Stockholders to be held in 2008, 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 24, 2005 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 1, 2005

FIRST MARINER BANCORP

3301 Boston Street
Baltimore, Maryland 21224

**PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS**

To Be Held on Tuesday, May 3, 2005 AT 7:15 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 3, 2005 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 1, 2005.

OUTSTANDING SHARES AND VOTING RIGHTS

Stockholders of record at the close of business on March 24, 2005 (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 5,832,926 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)	1,359,490	20.68%
Barry B. Bondroff (3)	56,392	.97%
Thomas L. Bromwell (4)	873	.01%
Edith B. Brown (5)	4,233	.07%
John Brown III (6)	1,733	.03%
Stephen A. Burch (7)	3,133	.05%
Rose M. Cernak (8)	43,031	.74%
Joseph A. Cicero (9)	127,059	2.15%
Howard Friedman (10)	29,933	.51%
Bruce H. Hoffman (11)	74,227	1.27%
George H. Mantakos (12)	117,426	1.99%
John J. Oliver, Jr. (13)	3,217	.06%
Patricia Schmoke, MD (14)	2,667	.05%
Hanan Y. Sibel (15)	30,343	.52%
Leonard Stoler (16)	54,923	.94%
Hector Torres (17)	1,134	.02%
Michael R. Watson (18)	6,168	.11%
All directors and executive officers as a group (18 persons)(19)	1,985,856	29.13%
Jeffrey L. Gendell (20)	507,946	8.71%
Tontine Partners, L.P. Tontine Management L.L.C. Tontine Financial Partners L.P. Tontine Overseas Associates, L.L.C 237 Park Avenue Suite 900 New York, New York 10012		
Wellington Management Company, LLP (21) 75 State Street Boston, Massachusetts 02109	494,800	8.48%

- (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 24, 2005.
- (2) Includes 11,664 shares in his Individual Retirement Account; also includes warrants to purchase 408,839 shares and options to purchase 332,000 shares.
- (3) Includes 39,242 shares in his Individual Retirement Account, and 8,130 shares held jointly with his wife; and options to purchase 9,020 shares.
- (4) Includes 40 shares held jointly with his wife, and options to purchase 833 shares.

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- (5) Includes 1,000 shares owned by her husband in which she may be deemed to have beneficial ownership, and options to purchase 2,233 shares.
- (6) Includes options to purchase 1,433 shares.
- (7) Includes options to purchase 933 shares.
- (8) 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 3,043 shares.
- (9) Includes options to purchase 84,000 shares.
- (10) Includes 10,444 shares owned by his son and 10,444 shares owned by his daughter in which he is deemed to have beneficial ownership and also includes options to purchase 1,833 shares.
- (11) Includes 3,430 shares held in an Individual Retirement Account for his wife in which he may be deemed to have beneficial ownership and 3,230 shares held in his retirement account; also includes warrants to purchase 3,666 shares and options to purchase 4,354 shares.
- (12) Includes 34,900 shares held in his Individual Retirement Account, and options to purchase 77,550 shares.
- (13) Includes options to purchase 3,117 shares.
- (14) Includes options to purchase 2,567 shares.
- (15) Includes options to purchase 3,243 shares.
- (16) Includes options to purchase 2,823 shares.
- (17) Includes options to purchase 534 shares.
- (18) Includes 1,535 shares held jointly with his wife, and options to purchase 4,633 shares.
- (19) Includes warrants to purchase 416,171 shares and options to purchase 567,149 shares.
- (20) As reported by Jeffrey L. Gendell, Tontine Partners, L.P. ("TP"), Tontine Financial Partners, L.P. ("TFP"), Tontine Management, L.L.C. ("TM") and Tontine Overseas Associates, L.L.C. ("TOA") in a Schedule 13D/A, filed June 19, 2002 with the SEC, which reported shared power to vote or direct the vote of the shares. Each of TP and TFP is a private investment limited partnership. TM is the general partner of TP and TFP. TOA is an investment advisor engaging in the purchase and sale of securities on behalf of its clients. Mr. Gendell serves as the managing member of TM and TOA.
- (21) As of December 31, 2004, the most recent public information available filed on Schedule 13G by Wellington Management Company, LLP ("Wellington Management"). Wellington Management in its capacity as an investment adviser, may be deemed to have beneficial ownership of 496,000 shares of common stock that are owned by numerous investment advisory clients, none of which is known to

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have such interest with respect to more than five percent of the class of shares. Wellington Management has shared voting authority over 453,600 shares and shared dispositive power over 494,800 shares. Wellington Management is a registered investment adviser under the Investment Advisers Act of 1940, as amended.

**Proposal One:
ELECTION OF DIRECTORS**

The Board proposes the election of the six directors named below, to hold office for a three year term until the Annual Meeting of Stockholders to be held in the year 2008, 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

Term to Expire in 2008

Name	Age	Director Since
Edwin F. Hale, Sr.	58	1995
Barry B. Bondroff	56	1995
Bruce H. Hoffman	57	1995
Patricia Schmoke, MD	51	1999
John Brown III	57	2002
Stephen A. Burch	55	2002

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 is a Managing Partner for Smart & Associates in Baltimore, MD. Prior to that he was 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 Building Company. He had previously served as the executive director of the Maryland Stadium Authority from 1989 until 2000. He is a former member of the Board of Directors of Baltimore Bancorp.

Patricia Schmoke, MD has been a practicing ophthalmologist since 1982. She is also the president of Metropolitan Eye Care Associates, providing eye care with Baltimore Medical System.

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 the former Chairman of the Maryland Stadium Authority.

Stephen A. Burch is President, Comcast Cable Atlantic Division and has served in this capacity since 1999.

Continuing Directors

Term to Expire in 2007

Name	Age	Director Since
Edith B. Brown	71	1998
Thomas L. Bromwell	56	2002
Rose M. Cernak	74	1995
George H. Mantakos	62	1994
Michael R. Watson	62	1998
Hector Torres	53	2003

Edith B. Brown has been the principal of Edie Brown & Associates since 2000. She is an independent consultant in Public Relations to the state department of tourism, film, arts, sports and entertainment at Centre Management where she served as a director from 1979-2000.

Thomas L. Bromwell is the President and Chief Executive Officer of the Injured Workers Insurance Fund (IWIF). Mr. Bromwell served in the Maryland General Assembly for 24 years and was the Chair of the Finance Committee for 8 years.

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. Mrs. Cernak will be unable to complete the full term of director as she will be 75, the mandatory retirement age of the director under the by-laws.

George H. Mantakos is 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 of the Bank. Prior thereto, Mr. Mantakos was a founder and organizer of Maryland Bank, FSB, the predecessor of the Bank.

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

Hector Torres is the Executive Director of the Governor's Commission on Hispanic Affairs. He was formerly the Battalion Chief and Public Information Officer of the Baltimore City Fire Department.

Continuing Directors

Term to Expire in 2006

Name	Age	Director Since
Joseph A. Cicero	60	1996
Howard Friedman	39	1999
John J. Oliver, Jr.	59	1997
Hanan Y. Sibel	73	1995
Leonard Stoler	74	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. He is the managing partner of Lanx Capital LLC, a hedge fund advisory firm.

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. He had previously served as Chairman/CEO of MAI-Chaimson, Inc., a food brokerage company.

Leonard Stoler has been the owner and president of Len Stoler Inc., an automobile dealership, since 1968. He is also the president of LBH Holdings Real Estate.

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 have adopted 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.

Director Independence

The Board of Directors has determined that all of its members are independent and meet the independence requirements of The Nasdaq Stock Market, except for the management directors, Edwin F. Hale, Sr., Joseph A. Cicero and George H. Mantakos, who are each executive officers of the Company.

Directors Attendance at Annual Meeting

Although the Company does not have a formal policy regarding director attendance at annual stockholder meetings, all directors are encouraged to attend the annual meeting of stockholders and the annual meeting of the Board of Directors. All of the Company's directors attended the annual meeting on May 4, 2004.

Stockholder Communications with the Board of Directors

Stockholders may communicate directly with any member of the Board of Directors of the Company by writing the First Mariner Bancorp Board of Directors, 3301 Boston Street, Baltimore, MD 21224. Communications received are distributed to the Chairman of the Board, Chairman of the Audit Committee or other member of the Board as appropriate, depending on the facts and circumstances of the communications.

Committees of the Board of Directors

The Board of Directors has an Executive Committee, an Audit Committee, a Nominating Committee, a Community Action Committee and a Compensation Committee. During 2004, the Board of Directors met eight times, the Audit Committee met five times, the Community Action Committee met three times and the Compensation Committee met three times. 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 also 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 R. Watson, George H. Mantakos and Stephen A. Burch. The Executive Committee met once in 2004.

In its capacity as the ALCO Committee, the Executive Committee reviews reports prepared by management, which includes 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 and equity ownership 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 ("Final Rules").

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 and Exchange Commi