

21ST CENTURY HOLDING CO  
Form DEF 14A  
July 14, 2010

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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 Rule 14a-11(c) or Rule 14a-12

21st CENTURY HOLDING COMPANY  
(Name of Registrant as Specified in Its Charter)

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

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No fee required.

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- (1) Title of each class of securities to which transaction applies:
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21st CENTURY HOLDING COMPANY

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON SEPTEMBER 14, 2010

To the Shareholders of 21st Century Holding Company:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Annual Meeting") of 21st Century Holding Company, a Florida corporation (the "Company"), will be held at our principal executive offices at 3661 West Oakland Park Boulevard, Suite 300, Lauderdale Lakes, Florida 33311, at 11:00 A.M., on September 14, 2010 for the following purposes:

1. To elect three Class I directors, each for a term of three years;
2. To ratify the appointment of DeMeo Young McGrath as the Independent Registered Public Accounting Firm of the Company to serve for the 2010 fiscal year; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on July 12, 2010 as the record date for determining those shareholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Whether or not you expect to be present, please sign, date and return the enclosed proxy card in the pre-addressed envelope provided for that purpose as promptly as possible. No postage is required if mailed in the United States.

By Order of the Board of Directors,

Rebecca L. Campillo, Secretary

Lauderdale Lakes, Florida  
July 30, 2010

ALL SHAREHOLDERS ARE INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. THOSE SHAREHOLDERS WHO ARE UNABLE TO ATTEND ARE RESPECTFULLY URGED TO EXECUTE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE. SHAREHOLDERS WHO EXECUTE A PROXY MAY NEVERTHELESS ATTEND THE ANNUAL MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON.

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21st CENTURY HOLDING COMPANY

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 14, 2010

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PROXY STATEMENT

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General

We are providing these proxy materials in connection with the solicitation by the Board of Directors of 21st Century Holding Company of proxies to be voted at our 2010 Annual Meeting of Shareholders to be held on September 14, 2010, at 11:00 a.m. (Eastern Time) at the Company's principal executive offices located at 3661 West Oakland Park Boulevard, Suite 300, Lauderdale Lakes, FL 33311 and at any postponement or adjournment thereof. In this proxy statement, 21st Century Holding Company is referred to as the "Company," "we," "our" or "us."

The approximate date that this proxy statement and the enclosed form of proxy are first being sent to our shareholders is July 30, 2010. You should review the information provided in this proxy statement with our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is being delivered to shareholders simultaneously with this proxy statement.

Internet Availability of Proxy Materials

This year, we will be using the "Notice and Access" method of providing proxy materials to you via the Internet. We believe that this new process should provide you with a convenient and quick way to access your proxy materials and vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials. On or about July 23, 2010, we will mail to many of our shareholders a Notice of Internet Availability of Proxy Materials ("Notice") containing instructions on how to access our proxy statement and the Form 10-K and vote electronically via the Internet. The Notice also contains instructions on how to receive a paper copy of your proxy materials. We will not be mailing this Notice to shareholders who had previously elected either to receive notices, access our proxy materials and vote via the Internet or to receive paper copies of our proxy materials.

In addition, to ensure we achieve a quorum for the Annual Meeting and facilitate voting by our shareholders, we will mail paper copies of our proxy materials to beneficial holders of at least 5,000 shares of our common stock, to shareholders who have specifically requested receipt of paper copies of our proxy materials and registered holders.

Outstanding Securities and Voting Rights

Only holders of record of our common stock at the close of business on July 12, 2010, the record date, will be entitled to notice of, and to vote at, the Annual Meeting. On that date, we had 7,946,384 shares of common stock outstanding. Each share of common stock is entitled to one vote at the Annual Meeting.

A majority of the outstanding shares of common stock present in person or represented by proxy constitutes a quorum for the transaction of business at the Annual Meeting. Abstentions and broker "non-votes" are counted as present and entitled to vote for purposes of determining whether a quorum exists. A "broker non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.



## Proxy Voting

Shares for which proxy cards are properly executed and returned will be voted at the Annual Meeting in accordance with the directions given or, in the absence of directions, will be voted "FOR" the election of each of the nominees to the Board named herein and "FOR" Proposal 2, the ratification of DeMeo Young McGrath as our independent certified public accountants for the 2010 fiscal year. If, however, other matters are properly presented, the person named in the proxies in the accompanying proxy card will vote in accordance with their discretion with respect to such matters.

The manner in which your shares may be voted depends on how your shares are held. If you own shares of record meaning that your shares of common stock are represented by certificates in your name so that you appear as a shareholder on the records of our transfer agent, Registrar and Transfer Company, a proxy card for voting those shares will be included within this Proxy Statement. You may vote those shares by completing, signing and returning the proxy card in the enclosed envelope.

If you own shares in street name, meaning that your shares of common stock are held by a bank or brokerage firm, you will instead receive a voting instruction form with this Proxy Statement that you should use to instruct your bank or brokerage firm how to vote your shares. As with a proxy card, you may vote your shares by completing, signing and returning the voting instruction form in the envelope provided. Alternatively, if your bank or brokerage firm has arranged for Internet or telephonic voting of shares, you may vote by following the instructions for using those services on the voting instruction form. If your bank or brokerage firm uses Broadridge Investor Communication Solutions, you may vote your shares via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by calling the telephone number on your voting instruction form.

Shares held in street name, in the absence of your instructions, may be voted by your broker only if your broker has discretionary authority to vote on the matter. Under Rule 452 of the New York Stock Exchange, your broker may cast a vote at this Annual Meeting only for Proposal Two, the ratification of our selection of independent auditors for the 2010 fiscal year, and may not vote for Proposal One, the election of three nominees to our Board of Directors. Therefore, it is important that all shareholders complete, sign and return their voting instruction form to their brokers as promptly as possible. Any votes cast for Proposal Two by brokers pursuant to their discretionary authority will be counted as votes present at the Annual Meeting for purposes of determining whether a quorum is present.

All votes will be tabulated by the Inspector of Elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. A list of the shareholders entitled to vote at the Annual Meeting will be available at the Company's executive office, 3661 West Oakland Park Boulevard, Suite 300, Lauderdale Lakes, FL 33311, for a period of ten (10) days prior to the Annual Meeting for examination by any shareholder.

## Attendance and Voting at the Annual Meeting

If you own common stock of record, you may attend the Annual Meeting and vote in person, regardless of whether you have previously voted by proxy card. If you own common stock in street name, you may attend the Annual Meeting but in order to vote your shares at the Annual Meeting, you must obtain a "legal proxy" from the bank or brokerage firm that holds your shares. You should contact your bank or brokerage account representative to learn how to obtain a legal proxy. We encourage you to vote your shares in advance of the Annual Meeting by one of the methods described above, even if you plan on attending the Annual Meeting. If you have already voted prior to the Annual Meeting, you may nevertheless change or revoke your vote at the Annual Meeting in the manner described below.



## Revocation

If you own common stock of record, you may revoke a previously granted proxy at any time before it is voted by delivering to the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Any shareholder owning common stock in street name may change or revoke previously granted voting instructions by contacting the bank or brokerage firm holding the shares or by obtaining a legal proxy from such bank or brokerage firm and voting in person at the Annual Meeting.

## Costs of Mailing and Solicitation

The cost of preparing, assembling and mailing this Proxy Statement, the Notice of Annual Meeting and the enclosed proxy is to be borne by us. In addition to the use of mail, our employees may solicit proxies personally and by telephone. Our employees will receive no compensation for soliciting proxies other than their regular salaries. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy material to their principals and to request authority for the execution of proxies. We may reimburse such persons for their expenses in so doing. We have retained Morrow & Co., LLC, 470 West Ave, Stamford, CT 06902 as a third-party solicitation firm and will pay for all costs and expenses associated with retaining this solicitation firm.

## Adjournment or Postponement of the Annual Meeting

The Annual Meeting may be adjourned or postponed without notice other than by an announcement made at the Annual Meeting, if approved by the holders of a majority of the shares represented and entitled to vote at the Annual Meeting. No proxies voted against approval of any of the proposals will be voted in favor of adjournment or postponement for the purpose of soliciting additional proxies. If we postpone the Annual Meeting, we will issue a press release to announce the new date, time and location of the Annual Meeting.

## BENEFICIAL SECURITY OWNERSHIP

The following table sets forth, as of the Record Date, information with respect to the beneficial ownership of our common stock by (i) each person who is known by us to beneficially own 5% or more of our outstanding common stock, (ii) each of our executive officers named in the Summary Compensation Table in the section "Executive Compensation," (iii) each of our directors, and (iv) all directors and executive officers as a group.

As used herein, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934 as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherwise, including a right to acquire such power(s) during the next sixty (60) days. Unless otherwise noted, beneficial ownership consists of sole ownership, voting and investment rights and the address for each person is c/o 21st Century Holding Company, 3661 West Oakland Park Boulevard, Suite 300, Lauderdale Lakes, FL 33311.

Name and Address of Beneficial Owner (1) Outstanding	Number of Shares Beneficially Owned (2)	Percent of Class
Bruce F. Simberg (1)	245,163	3.08
Richard W. Wilcox, Jr. (2)	133,250	1.67
Carl Dorf (3)	130,288	1.64
Michael H. Braun (4)	74,067	*
Peter J. Prygelski, III (5)	46,367	*
Charles B. Hart, Jr. (6)	15,000	*
Jenifer G. Kimbrough (7)	2,000	*
All directors and executive officers as a group (7 persons) (8)	646,135	7.97%
<b>5% or greater holders:</b>		
Dimensional Fund Advisors LP (9) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	574,809	7.23%
Edward J. Lawson and Michele V. Lawson (combined) (10) 1786 Valenzano Way Henderson, NV 89012	492,450	6.11%
Lloyd I. Miller, III (11) 4550 Gordon Drive Naples, FL 34102	406,671	5.12%

\* Less than 1%.

- (1) Includes 18,334 shares of common stock issuable upon the exercise of stock options held by Mr. Simberg.
- (2) Includes 3,000 shares of common stock held in Mr. Wilcox's IRA, 40,000 shares of common stock held by Mr. Wilcox's spouse and 15,000 shares of common stock issuable upon the exercise of stock options held by Mr. Wilcox.
- (3) Includes 61,124 shares of common stock held by Carl Dorf Rollover IRA, 54,164 shares of common stock held by Dorf Trust and 15,000 shares of common stock issuable upon the exercise of stock options held by Mr. Dorf.
- (4) Includes 56,167 shares of common stock issuable upon the exercise of stock options held by Mr. Braun.
- (5) Includes 4,000 shares of common stock held in Mr. Prygelski's IRA and 41,167 shares of common stock issuable upon the exercise of stock options held by Mr. Prygelski.
- (6) Includes 15,000 shares of common stock issuable upon the exercise of stock options held by Mr. Hart.
- (7) Includes 2,000 shares of common stock issuable upon the exercise of stock options held by Ms. Kimbrough.

- (8) Includes 175,435 shares of common stock issuable upon the exercise of stock options.
- (9) Includes 574,809 shares of common stock beneficially held on behalf of various clients of Dimensional Fund Advisors LP ("Dimension"). This information is based on Dimension's Schedule 13G Amendment No. 1 filed with the SEC, pursuant to Rule 13d-1(b), on February 10, 2010.
- (10) Represents 185,000 shares of common stock held of record by Edward J. Lawson, 250,000 shares of common stock held of record by Michele V. Lawson, the wife of Mr. Lawson, and 107,450 shares of common stock issuable upon the exercise of stock options held by Mr. Lawson. This information is based on the Schedule 13G/A Amendment No. 11 filings made by Michele Lawson and Edward Lawson with the SEC, pursuant to Rule 13d-1(d), on February 3, 2010 and the Company's records with respect to Mr. Lawson's stock options.
- (11) Includes 174,521 shares of common stock that Lloyd I. Miller, III has shared voting and dispositive power as (i) an investment advisor to the trustee of a certain family trust and (ii) co-trustee of a certain trust. This information is based on Mr. Miller's Schedule 13G filing made with the SEC, pursuant to Rule 13d-1(c), on February 16, 2010.

## PROPOSAL ONE: ELECTION OF DIRECTORS

Our Articles of Incorporation provide that our Board of Directors consists of three classes of directors, as nearly equal in number as possible, designated Class I, Class II and Class III and provides that the exact number of directors comprising our Board of Directors will be determined from time to time by resolution adopted by the Board. At each annual meeting of shareholders, successors to the class of directors whose terms expires at that annual meeting are elected for a three-year term. The current term of the Class I directors terminates on September 14, 2010, the date of our 2010 Annual Meeting. The current term of the Class II directors terminates on the date of our 2012 annual meeting of shareholders and the current term of the Class III directors terminates on the date of our 2011 annual meeting of shareholders.

Messrs. Michael H. Braun and Peter J. Prygelski, III and Ms. Jenifer G. Kimbrough currently serve as Class I directors. Our Board of Directors has nominated them and they will stand for re-election at the 2010 Annual Meeting. Our Board of Directors has established by resolution that our Board of Directors will consist of 7 members, consisting of three Class I directors, two Class II directors and two Class III Directors. Bruce F. Simberg and Richard W. Wilcox, Jr. currently serve as Class II directors and Carl Dorf and Charles B. Hart, Jr. currently serve as Class III directors. If elected at the 2010 Annual Meeting, Messrs. Braun and Prygelski and Ms. Kimbrough will serve as Class I directors until our 2013 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Pursuant to the Company's bylaws, directors are elected by a plurality of votes cast. Under Rule 452 of the New York Stock Exchange, brokers may not cast discretionary votes for directors without instructions from the beneficial owners; therefore, it is important that all shareholders complete, sign and return the voting instruction forms that they receive from their brokers as promptly as possible. The three persons receiving the highest number of votes cast at the Annual Meeting will be elected as Class I directors. In this election, which is not contested, a vote withheld as to one or more of the nominees being proposed for election to the Board will not be counted as votes cast for purposes of the election of directors at the Annual Meeting, but will be counted for purposes of determining the presence of a quorum.

While the Company's directors are elected by plurality, the Company has a policy that should any nominee receive more votes "withheld" than "for" in an uncontested election, the director is required to promptly tender his or her resignation to the Board of Directors. Upon receipt of a director's resignation due to adherence to this policy, the remaining members of the Board shall promptly consider the resignation offer, and a range of possible responses based on the circumstances that led to the majority withheld vote, if known, and make a determination within 90 days following certification of the shareholder vote. The Board will promptly disclose its decision-making process and decision regarding whether to accept the director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the SEC.

Except as noted above, it is intended that shares represented by proxies will be voted for the nominees listed, each of whom is now a director of the Company. Messrs. Braun and Prygelski and Ms. Kimbrough have consented to serve on our Board of Directors and the Board of Directors has no reason to believe that they will not serve if elected. However, if any of them should become unavailable to serve as a director, and if the Board has designed a substitute nominee, the persons named as proxies will vote for this substitute nominee.

### Nominees for Re-election

The following provides relative information pertaining to the individuals recommended and nominated by the Board of Directors to serve as Class I directors of the Company with each nominee's respective age, principal occupation, business experience for at least the past five (5) years and directorships in other reporting companies:



Name	Age	Position with Company
Michael H. Braun,	42	Chief Executive Officer, President, Class I Director
Peter J. Prygelski, III	41	Chief Financial Officer, Treasurer, Class I Director
Jenifer G. Kimbrough	39	Class I Director

Michael H. Braun was appointed to the Board of Directors as a Class I director in December 2005. Mr. Braun was named Chief Executive Officer in June 2008 and President in June 2009. Mr. Braun brings to the mission his experience from a 13-year career with the Company, where he was Chief Operating Officer of the Company and President of Federated National Insurance Company, a wholly-owned subsidiary of the Company, a position he continues to hold. In these roles, he was responsible for the business operations and strategic product portfolio. Prior to joining the Company, Mr. Braun was Managing Partner for an independent chain of insurance agencies that was located throughout the state of Florida, which was acquired by the Company in 1998. Mr. Braun does not serve on the Board of Directors of any other SEC reporting company.

Mr. Braun brings his long-standing senior management and operational experience with the Company, as well as his prior experience running a substantial Florida-based insurance agency business, to the Board.

Peter J. Prygelski, III was appointed to the Board of Directors as a Class I director in June 2008 and has served as our Chief Financial Officer since June 2007. Mr. Prygelski served as a Director of the Company and as the Chairman of the Audit Committee and the Company's designated financial expert from January 2004 through June 25, 2007. He has also served as a member of our Investment Committee and Independent Director's Committee during that time period. Mr. Prygelski most recently served as a Senior Manager in the Enterprise Risk Services practice of Deloitte and Touche from May 2006 to May 2007. Prior to joining Deloitte and Touche, Mr. Prygelski served in a similar capacity with Ernst & Young from April 2004 to April 2006. Previously, Mr. Prygelski was a Director of Audit for American Express Centurion Bank (a subsidiary of American Express), where he began his career in Corporate Finance and was a member of their Enterprise Risk and Assurance function from November 1991 to August 2003. Mr. Prygelski does not serve on the Board of Directors of any other SEC reporting company.

Mr. Prygelski's extensive experience in auditing and accounting, both from the perspective of his role as the Company's Chief Financial Officer and also based on his experience for "Big Four" international accounting firms, is considered to be a valuable addition to the Board.

Jenifer G. Kimbrough was appointed to the Board of Directors effective April 1, 2009. Ms. Kimbrough has served as the Vice President of Assurance and Process Improvement for Surgical Care Affiliates since November 2007. Prior to 2007, Ms. Kimbrough was the Senior Vice President of Investor Relations at Regions Financial Corporation. From 1993 to 2003, Ms. Kimbrough served as an Audit Senior Manager at Ernst & Young LLP. Ms. Kimbrough received her certification as a certified public accountant from the Alabama State Board of Public Accountancy in 1994. Ms. Kimbrough is an active member of several societies, including: American Woman's Society of CPAs, Institute of Internal Auditors, Alabama State Society of CPAs and American Institute of CPAs. Additionally, she recently served on the AICPA Women's Initiative Executive Committee and as National President of the AWSCPA. Ms. Kimbrough does not serve on the Board of Directors of any other SEC reporting company.

The Board considered Ms Kimbrough's experience as an outside auditor and accountant, as well as her operational and investor relations experience, to be valuable skills and an important addition to the Board.



### Vote Required and Recommendation

The three nominees for election to the Board of Directors, as Class I directors, who receive the greatest number of votes cast for the election of directors by the shares present, in person or by proxy, shall be elected directors. Shareholders do not have the right to cumulate their votes for directors. In this non-contested election of directors, a vote withheld will have no effect on the outcome. Under Rule 452 of the New York Stock Exchange, brokers may not cast discretionary votes for the election of directors without instructions from the beneficial owners of the shares. The Board recommends that its shareholders vote "FOR" each of the nominees for director set forth above.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES FOR DIRECTOR SET FORTH ABOVE.

### EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information with respect to our executive officers and directors as of July 12, 2010:

Name	Age	Position with Company
Michael H. Braun	42	Chief Executive Officer, President, Class I Director

Peter J.