

P&F INDUSTRIES INC  
Form DEF 14A  
April 27, 2018

TABLE OF CONTENTS

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 Section 240.14a-12

P & F Industries, 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)(4) 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:

TABLE OF CONTENTS

P & F INDUSTRIES, INC.

445 Broadhollow Road, Suite 100

Melville, New York 11747

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held May 23, 2018

To the Stockholders of

P&F Industries, Inc.:

The Annual Meeting of Stockholders of P&F Industries, Inc. will be held at the Conference Center at 445 Broadhollow Road, Melville, New York 11747 on Wednesday, May 23, 2018 at 10:00 A.M., for the following purposes:

(1)

To elect two directors, each to hold office for three years;

(2)

To consider and act upon a proposal to ratify the appointment of CohnReznick LLP as the Company's independent registered public accounting firm for the year 2018;

(3)

To consider and approve an advisory (non-binding) resolution regarding the compensation of our named executive officers; and

(4)

To consider and act upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

In accordance with the provisions of the Company's By-laws, the Board of Directors has fixed the close of business on April 12, 2018 as the date for determining stockholders of record entitled to receive notice of, and to vote at, the Annual Meeting.

Your attention is directed to the accompanying Proxy Statement.

You are cordially invited to attend the Annual Meeting. If you do not expect to attend the Annual Meeting in person, please vote, date, sign and return the enclosed proxy as promptly as possible in the enclosed reply envelope.

By order of the Board of Directors

JOSEPH A. MOLINO, JR.

Secretary

Dated:

April 27, 2018

Melville, New York

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 23, 2018:**

This Proxy Statement and our Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2017, are available at: <https://materials.proxyvote.com/692830>.

---

TABLE OF CONTENTS

TABLE OF CONTENTS

PROXY STATEMENT

ABOUT THE ANNUAL MEETING

Date, Time and Place of Meeting

Record Date and Voting Rights

Quorum

Broker Non-Votes, Withheld Votes and Abstentions

Solicitations of Proxies

Voting Proxies

Voting in Person at the Annual Meeting

Revocation of Proxies

Other Business

OWNERSHIP OF EQUITY SECURITIES

PROPOSAL 1: ELECTION OF DIRECTORS

Required Vote

Information as to Directors and Nominees for Directors

CORPORATE GOVERNANCE

Director Independence

Meetings and Committees of the Board of Directors

Audit Committee

Compensation Committee

Corporate Governance and Nominating Committee

Strategic Planning and Risk Assessment Committee

Code of Business Conduct and Ethics

Board Leadership Structure

Board Role in Risk Oversight

Directors' Attendance at Annual Meetings of Stockholders

Communication with the Board of Directors

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures

Related Party Transactions

DIRECTOR COMPENSATION

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Required Vote

AUDIT COMMITTEE REPORT

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

Required Vote and Effect

EXECUTIVE OFFICERS OF THE REGISTRANT

EXECUTIVE COMPENSATION

Summary Compensation Table

1

1

1

1

1

2

2

2

2

2

3

5

5

6

7

7

8

8

9

9

10

11

11

11

11

12

12

12

12

12

14

15

16

17

17

18

19

19

Employment Agreements

19

Grants of Plan-Based Awards

19

i

---

TABLE OF CONTENTS

<u>OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2017</u>	<u>20</u>
<u>Options Exercised and Stock Vested During 2017</u>	<u>20</u>
<u>Pension Benefits and Nonqualified Deferred Compensation</u>	<u>20</u>
<u>COMPENSATION PHILOSOPHY AND AGREEMENTS WITH NAMED EXECUTIVE OFFICERS</u>	<u>21</u>
<u>Overview of 2017 Executive Compensation</u>	<u>21</u>
<u>2018 Executive Compensation Matters</u>	<u>24</u>
<u>162(m) Bonus Plan</u>	<u>24</u>
<u>Stock Incentive Plans — Change in Control</u>	<u>25</u>
<u>Executive Compensation Plan Information</u>	<u>26</u>
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>26</u>
<u>STOCKHOLDER NOMINATIONS FOR BOARD OF DIRECTORS MEMBERSHIP AND OTHER PROPOSALS FOR THE 2019 ANNUAL MEETING</u>	<u>27</u>
<u>ANNUAL REPORT</u>	<u>27</u>

TABLE OF CONTENTS

P & F INDUSTRIES, INC.

445 Broadhollow Road, Suite 100

Melville, New York 11747

PROXY STATEMENT

This proxy statement is being furnished by the Board of Directors (the “Board of Directors”) of P&F Industries, Inc. (the “Company”) to holders of the Company’s Class A Common Stock, \$1.00 par value (the “Common Stock”), in connection with the solicitation of proxies by the Board of Directors for use at its 2018 annual meeting of stockholders or any adjournment or postponement thereof (the “Annual Meeting”).

The Company’s principal offices are located at 445 Broadhollow Road, Suite 100, Melville, New York 11747. The Company anticipates mailing this proxy statement to stockholders on or about April 27, 2018.

ABOUT THE ANNUAL MEETING

Date, Time and Place of Meeting

The Annual Meeting will be held on Wednesday, May 23, 2018, at 10:00 a.m. local time at the Conference Center at 445 Broadhollow Road, Melville, New York.

Record Date and Voting Rights

The Board of Directors established the close of business on April 12, 2018 as the record date for determining the holders of the Common Stock entitled to notice of and to vote at the Annual Meeting. On the record date, 3,584,671 shares of Common Stock were outstanding and entitled to vote at the Annual Meeting. The Company’s stockholders are entitled to one vote for each share of Common Stock held as of the record date on all matters.

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. If your shares are registered directly in your name on the books of the Company maintained with the Company’s transfer agent, you are considered the “registered holder” of those shares, and you must bring a form of identification to the Annual Meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you are considered the “beneficial owner” of shares held in “street name”, and in addition to a form of identification, you must bring a proxy or letter from that broker, trust, bank or other nominee that confirms you are the beneficial owner of those shares. Cameras and recording devices will not be permitted at the Annual Meeting.

Quorum

Transaction of business at the Annual Meeting may occur if a quorum is present. If a quorum is not present, it is expected that the Annual Meeting will be adjourned or postponed in order to permit additional time for soliciting and obtaining additional proxies or votes, and, at any subsequent reconvening of the Annual Meeting, all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Annual Meeting, except for any proxies that have been effectively revoked or withdrawn.

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the total votes entitled to be cast constitutes a quorum. If a share of Common Stock is represented for any purpose at the Annual Meeting, it is deemed to be present for quorum purposes and for all other matters as well. Shares of Common Stock represented by a properly executed proxy will be treated as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

Broker Non-Votes, Withheld Votes and Abstentions

If you are a beneficial owner whose shares are held by a broker, trust, bank or other nominee, you must instruct the broker, trust, bank or other nominee how to vote your shares. If you do not provide voting instructions, your shares will not be voted on proposals on which there is no discretionary voting authority,

## TABLE OF CONTENTS

namely: Proposal 1 (election of directors) and Proposal 2 (advisory (non-binding) vote on executive compensation). This is called a “broker non-vote.” Your shares will be counted as present at the meeting for quorum purposes but not present and entitled to vote for purposes of these specific proposals. Therefore, it is very important that beneficial owners instruct their broker, trust, bank or other nominee how they wish to vote their shares. If you do not provide your broker, trust, bank or other nominee with voting instructions with respect to Proposal 2 (ratification of appointment of independent registered public accounts), your broker, trust, bank or other nominee has discretion to vote your shares on this proposal, which is considered a “routine” management proposal.

Withheld votes and broker non-votes will have no effect on the election of directors. Abstentions will have the same effect as votes against Proposal 2 and Proposal 3. Broker non-votes are inapplicable to Proposal 2 and will have no effect on Proposal 3.

### Solicitation of Proxies

The Company will bear the cost of the solicitation of proxies from its stockholders. In addition to solicitation by mail, the directors, officers and employees of the Company, without additional compensation, may solicit proxies from stockholders by telephone, by letter, by email or facsimile, in person or otherwise.

### Voting Proxies

Whether you hold shares of Common Stock directly as a registered stockholder or beneficially as a beneficial stockholder, you may direct how your shares are voted without attending the Annual Meeting. For directions on how to vote, please refer to the proxy card provided.

All proxies properly submitted and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated thereon. If no instructions are provided, such proxies will be voted “FOR” the nominees set forth in Proposal 1, and “FOR” Proposals 2 and 3.

### Voting in Person at the Annual Meeting

You may also vote in person at the Annual Meeting. Votes in person will replace any previous votes you have made. The Company will provide a ballot to registered stockholders who request one at the Annual Meeting. Shares of Common Stock held in your name as the registered holder may be voted on that ballot. Shares of Common Stock held beneficially in street name may be voted on a ballot only if you bring a legal proxy from the broker, trust, bank or other nominee that holds your shares giving you the right to vote the shares. Attendance at the Annual Meeting without voting or revoking a previous proxy in accordance with the voting procedures will not in and of itself revoke a proxy.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please take the time to vote so that your shares will be represented at the Annual Meeting.

### Revocation of Proxies

If you are a beneficial stockholder, you may revoke your proxy or change your vote by following the separate instructions provided by your broker, trust, bank or other nominee. If you are a registered holder, you may revoke your proxy at any time before it is exercised at the Annual Meeting by (i) delivering written notice, bearing a date later than the proxy, stating that the proxy is revoked, (ii) submitting a later-dated proxy relating to the same shares prior to the vote at the Annual Meeting, or (iii) attending the Annual Meeting and properly giving notice of revocation to the inspector of elections or voting in person.

### Other Business

The Board of Directors is not aware of any matters to be properly presented for action at the Annual Meeting other than the proposals relating to the election of directors, the ratification of the appointment of the Company’s independent registered public accountant for 2018 and the approval of an advisory (non-binding) resolution regarding the compensation of named executive officers. The Company does not intend to bring any other matters before the Annual Meeting. However, if any other matters should properly come before the Annual Meeting, it is intended that the holders of the proxies will vote them in their discretion.



TABLE OF CONTENTS

## OWNERSHIP OF EQUITY SECURITIES

The following table sets forth the beneficial ownership of Common Stock as of the record date, including shares as to which a right to acquire ownership within 60 days of the record date exists (for example, through the exercise of stock options) within the meaning of Rule 13d-3(d)(1) under the Exchange Act, by (i) each director and nominee for director, (ii) the “named executive officers” listed in the Summary Compensation Table (Richard A. Horowitz and Joseph A. Molino, Jr.), (iii) each person known by the Company to be the beneficial owner of more than 5% of the Common Stock, and (iv) all directors and executive officers as a group. Except as indicated in the applicable footnotes, each beneficial owner listed has sole voting power and sole investment power over the shares of Common Stock indicated. Except as indicated in the applicable footnotes, the address of each beneficial owner is in the care of the Company, 445 Broadhollow Road, Suite 100, Melville, New York 11747.

Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Howard Brod Brownstein	16,898(1)	*
Jeffrey D. Franklin	6,998(1)	*
Richard A. Horowitz	1,336,306(2)	35.8%
Joseph A. Molino, Jr.	127,295(3)	3.5%
Richard P. Randall	7,088(1)(4)	*
Kenneth M. Scheriff	6,098(1)	*
Mitchell A. Solomon	6,998(1)	*
FMR LLC	387,409(5)	10.8%
Grace Horowitz	217,471(6)	6.1%
Lawndale Capital Management, LLC	502,873(7)	14.0%
All directors and executive officers as a group (7 persons)	1,507,681(8)	39.6%

\*  
Less than 1%.

(1)  
Includes 1,000 restricted shares which provide for vesting on May 23, 2018.

(2)  
Includes 151,557 shares issuable upon the exercise of stock options.

(3)  
Includes 73,165 shares issuable upon the exercise of stock options.

(4)  
Includes 2,090 shares issuable upon the exercise of stock options.

(5)  
Information obtained from a Schedule 13G/A, filed with the Securities and Exchange Commission (the “SEC”) on February 13, 2018, by FMR LLC and certain affiliates. According to such Schedule 13G/A, FMR LLC is the parent holding company of Fidelity Management & Research Company, a registered investment adviser to Fidelity Low-Priced Stock Fund (the “Fund”), the beneficial owner of 321,953 of the shares held. Abigail P. Johnson and members of her family, are a controlling group of FMR LLC. FMR LLC and Abigail P. Johnson each is deemed to be

the beneficial owner of all 387,409 shares. Furthermore, each of FMR LLC and Abigail P. Johnson has the sole power to dispose or to direct the disposition of all shares held, FMR LLC has the sole power to vote or direct the vote of 54,372 of the shares held, and the Fund has the sole power to vote or direct the vote of 321,953 shares through its board of trustees. The address of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.

(6)  
Information obtained from a Schedule 13G/A, filed with the SEC on February 12, 2018 by Grace Horowitz.

According to such Schedule 13G/A, Mrs. Horowitz, as sole trustee and beneficiary of a family trust, has sole voting and dispositive power over all 217,471 shares. The address of Grace Horowitz is c/o Moomjian, Waite & Coleman, LLP, 100 Jericho Quadrangle, Suite 225, Jericho, New York 11753.

(7)  
According to a Schedule 13D/A filed with the SEC by Lawndale Capital Management, LLC (“Lawndale”), Andrew E. Shapiro and Diamond A Partners, L.P. (“Diamond”) on May 18, 2016, each of Lawndale and Andrew E. Shapiro share voting and dispositive power with respect to 464,826 shares,

TABLE OF CONTENTS

and Diamond shares voting and dispositive power with respect to 395,726 of such shares. Further, according to an Annual Statement of Changes in Beneficial Ownership on Form 5 (“Form 5”) filed by Lawndale on January 29, 2018, Lawndale beneficially owns 502,873 shares and according to a Form 5 filed by Diamond on January 29, 2018, Diamond beneficially owns 429,073 shares; however, it should be noted that the determination of beneficial ownership in the Schedule 13D/A may differ from the determination of beneficial ownership in the Forms 5. The address of each of the foregoing is 591 Redwood Highway, Suite 2345, Mill Valley, California 94941.

(8)

Includes 226,812 shares issuable upon the exercise of stock options. Includes the beneficial ownership of Messrs. Brownstein, Franklin, Horowitz, Molino, Randall, Scheriff and Solomon.

TABLE OF CONTENTS

PROPOSAL 1

ELECTION OF DIRECTORS

As permitted by Delaware law and pursuant to the Company's By-laws, the Board of Directors is divided into three classes, the classes being divided as equally as possible and each class having a term of three years. Each year the term of office of one class expires. A director elected to fill a vacancy, including a vacancy resulting from an increase in the number of directors constituting the Board of Directors, serves for the remaining term of the class in which the vacancy exists. The Board of Directors presently consists of six members, with each class consisting of two members. The Board of Directors proposed that Messrs. Franklin and Randall, whose terms expire at the Annual Meeting, each be elected as director to serve for a term expiring at the 2021 annual meeting of stockholders and until their successors are duly elected and qualified. Unless otherwise indicated, the enclosed proxy will be voted for the election of Messrs. Franklin and Randall as nominees, to serve for the terms as set forth above. Should either such nominee become unable to serve for any reason or, for good cause will not serve, which is not anticipated, the Board of Directors may, unless the Board of Directors by resolution provides for a lesser number of directors, designate a substitute nominee, in which event the persons named in the enclosed proxy will vote for the election of such substitute nominees.

Required Vote

The directors will be elected by the plurality vote of the holders of the Common Stock entitled to vote at the Annual Meeting and present in person or represented by proxy. With respect to the election of directors, you may vote "for" or "withhold" authority to vote for each of the nominees. Any shares not voted "for" a particular nominee (whether as a result of stockholder withholding or a broker non-vote) will not be counted in any nominee's favor and will have no effect on the outcome of the election.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE  
"FOR" THE FOREGOING NOMINEES.

TABLE OF CONTENTS

Information as to Directors and Nominees for Directors

Certain information regarding each of our nominees for director, including his respective experience, qualifications, attributes and skills that led the Board of Directors to conclude that the individual should serve on the Board of Directors and his principal occupation and directorships during at least the past five years, is set forth below. Also set forth below is the name and age of such nominee for director and each director currently in office and whose term continues, his principal occupation, the year each became a director of the Company and a description of his principal occupation for at least the past five years and certain other qualifications. The information set forth below is as of the record date.

Name