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AUTO GRAPHICS INC
Form PRER14A
February 05, 2002

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 (Amendment No.)

Filed by the Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ [__]

Check the appropriate box:

☒ [X] Preliminary Proxy Statement

☐ [__] Confidential, for Use of the Commission Only

☐ [__] Definitive Proxy Statement

☐ [__] Definitive Additional Materials

☐ [__] Soliciting Material Pursuant to Rule 240.14a-12

AUTO-GRAPHICS, INC.

(Name of Registrant)

Not Applicable

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

Payment of Filing Fee (Check the appropriate box):

☒ [_X_] No fee required.

Cover Letter Information

NOTE: It is proposed that definitive proxy materials be mailed on or
before February 15, 2002 if at all possible.

CONTACT: For information regarding this proxy statement/filing, please
call Daniel E. Luebben, Secretary at (909) 595-7204 ext. 499
or 3201 Temple Avenue, Pomona, Ca 91768

AUTO-GRAPHICS, INC.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

February 27, 2002

To the Shareholders:

The annual meeting of the shareholders ("Meeting") of Auto-
Graphics, Inc. will be held at 3201 Temple Avenue, Pomona, California
91768 on February 27, 2002, at 3:00 p.m. for the following purposes:

1. To elect directors.
2. To approve the adoption of the 2002 Stock Plan.
3. To amend the Articles of Incorporation with Amendment
No. 1 to delete the provision that provides for the
number of directors to be stated in the Articles of
Incorporation.
4. To amend the Articles of Incorporation with Amendment
No. 2 to add a provision to eliminate or limit the
personal liability of directors for money damages.
5. To amend the Bylaws to state the number of directors
shall be at least three (3) and not more than five (5)
directors, with the current exact number to be three
(3) directors.
6. To consider one shareholder proposal described in the
accompanying Proxy Statement.
7. To transact such other business as may properly come
before the meeting.

Only shareholders of record at the close of business on December
31, 2001, are entitled to notice of, and to vote at, this Meeting. A
complete list of the shareholders entitled to vote at the Meeting will be
available and open to the examination of any shareholder for any purpose
germane to the Meeting during ordinary business hours from and after
January 21, 2002, at the office of the Company. You are cordially invited
to attend the Meeting.

If you hold your shares through a broker or other nominee, proof of
ownership will be accepted by the Company only if you bring either a copy
of the voting instruction card provided by your broker or nominee, or a
copy of a brokerage statement showing your share ownership in the Company
as of December 31, 2001.

IF YOU HAVE ANY QUESTIONS, OR NEED ASSISTANCE VOTING, PLEASE
CONTACT, DANIEL E. LUEBBEN, THE SECRETARY OF THE COMPANY, AT 1-800-776-
6939.

BY ORDER OF THE BOARD OF DIRECTORS

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ss/Daniel E. Luebben

Daniel E. Luebben
Secretary

Pomona, California
February , 2002

AUTO-GRAPHICS, INC.
3201 Temple Avenue
Pomona, California 91768

PROXY STATEMENT FOR ANNUAL MEETING
OF SHAREHOLDERS

To Be Held February 27, 2002

GENERAL INFORMATION

This Proxy Statement, which will be first mailed to shareholders on or about February 15, 2002, is furnished in connection with the solicitation of proxies by the Board of directors of Auto-Graphics, Inc. (the "Company" or "Auto-Graphics"), to be voted at the Annual Meeting of the Shareholders ("Meeting") of the Company, which will be held at 3:00 p.m. on February 27, 2002, at 3201 Temple Avenue, Pomona, California 91768. The purpose of the Meeting and the matters expected to be acted upon are set forth in the accompanying Notice of Annual Meeting of Shareholders.

Shareholders who execute proxies retain the right to revoke them at any time before the shares are voted by proxy at the meeting. A shareholder may revoke a proxy by delivering a signed statement to the Secretary of the Company at or prior to the Meeting or by executing another proxy dated as of the later date. The Company will pay the cost of solicitation of proxies.

Shareholders of record at the close of business on December 31, 2001 will be entitled to vote at the meeting on the basis of one vote for each share held, however, any shareholder eligible to vote for the election of directors is entitled to cumulate votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled, or to distribute the shareholder's votes on the same principle among as many candidates as the shareholder thinks fit.

To be entitled to exercise cumulative voting rights for the election of directors, a shareholder must give notice at the Meeting of such person's desire to cumulate votes for one or more candidates whose name(s) have been placed in nomination prior to the commencement of voting for the election of directors. If any shareholder exercises the right to cumulate votes for the election of directors, then all shareholders are entitled to cumulative voting rights for the election of directors. Cumulative voting applies only to voting for the election of directors (not for the other proposals before the meeting).

On December 31, 2001, there were 4,997,234 shares of Common Stock

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outstanding.

BACKGROUND AND CHRONOLOGY OF ABANDONED PROXY CONTEST

On or about September 5, 2001 Corey M. Patick, as Chairman of the Special Shareholders Committee ("Committee"), filed a preliminary proxy statement on behalf of the Committee.

The Committee stated in its proxy statement that its purposes were for the Company to address the Committee's concerns regarding: (1) there having been no annual meeting since 1999; (2) potential "conflict of interest" over the Company and Robert S. Cope as the controlling owner and managing general partner of the 664 Company, which California limited partnership owns and leases to the Company its facility in Pomona, California which lease has now expired; and (3) questions and claims regarding the current Board of Directors.

The board of directors believes all of the concerns raised by the Committee have been or are being addressed in the following manner: (1) an annual meeting will be held February 27, 2002; (2) the board of directors is reviewing a proposal for significantly reduced space at rental rate and terms identical to the two other non-affiliated tenants that occupy the Company's facility and any new lease will be submitted for approval of the disinterested members of Auto-Graphics' board of directors; and (3) the board of directors has proposed a slate of directors that is capable of working together to deal with the problems of the Company.

The Articles of Incorporation currently provide for the Company to have a three member board of directors. The two longstanding members are Robert S. Cope (37 years) and Robert H. Bretz (13 years). The third director, Douglas K. Bisch resigned from the board of directors in 1997. Mr. James R. Yarter joined the board of directors on June 21, 2001 after Mr. Robert S. Cope solicited nine shareholders to obtain a majority of the shareholders to consent to Mr. Yarter's appointment. This occurred after Messrs. Cope and Bretz could not agree to the appointment of a third director. Although, Mr. Robert H. Bretz has disputed Mr. Yarter's appointment, the Company's legal counsel responded to Mr. Bretz's objections and Mr. Yarter has served on the board of directors since his election on June 21, 2001.

Mr. Robert S. Cope met with the Committee on September 21, 2001 and September 23, 2001 at which time Mr. Cope agreed to support an expansion of the board to five directors, four of which would be independent but would not include Mr. Bretz. The board of directors will seek to expand the Company's board of directors to five members if its resolution amending the articles of incorporation and bylaws are approved. At the present time the board of directors does not have a schedule for adopting an amendment to expand the board to five members nor is there a schedule to submit the amendment for approval to the shareholders. On or about October 9, 2001, Mr. Patick informed the U.S. Securities and Exchange Commission that the Committee was abandoning its solicitation of proxies.

ANNUAL REPORT

The Annual Report of the Company for the fiscal year ended December 31, 2000 is being mailed with the Proxy Statement.

Stockholders are referred to the Annual Report for financial and other information about the activities of the Company. The Annual Report

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is not incorporated by reference into this Proxy Statement and is not deemed to be a part of it.

1. ELECTION OF DIRECTORS AND MANAGEMENT INFORMATION

The Company's board of directors currently consists of three members. Three directors are to be elected at the Meeting to hold office until the next annual meeting of shareholders and until their successors are elected and qualified. It is intended that the accompanying proxy will be voted in favor of the following persons to serve as directors unless the shareholder indicates to the contrary on the proxy. The election of the company's directors requires a plurality of the votes cast in person or by proxy at the meeting. The board of directors expects that each of the nominees will be available for election, but if any of them is not a candidate at the time the election occurs, it is intended that such proxy will be voted for the election of another nominee to be designated by the board of directors to fill any such vacancy.

In the event all three of the board of directors' nominees cannot be elected, then the board of directors in its discretion may instruct Robert S. Cope to vote cumulatively for less than three of the board of directors' nominees. In such event it is the board of directors' current intention to instruct Mr. Cope to vote proxies received by the board of directors for the reelection of Robert S. Cope and James R. Yarter.

Nominees Proposed by the Board of Directors

Set forth below is certain information pertaining to the persons who are proposed as nominees for election to the Company's board of directors.

Robert S. Cope, 66, along with his family is a 44% shareholder of the Company, a current director of the Company, and holds the officer positions of President and Chairman of the Board of the Company, will be seeking reelection to the Board. During the previous five years Mr. Cope has served the Company as Chief Executive Officer, President and Treasurer.

Mr. Yarter, 64, is a 2% shareholder of the Company. Mr. Yarter's prior business background and experience covers a period of 35 years. During the past five years, his experience includes being President and Chief Executive Officer of the following companies: Block Medical, a division of Hillenbrand Industries, Inc., a company listed on the New York Stock Exchange for the period 1994-1996; US Medical, a start-up company for the period 1996-1997; and Gish Biomedical, Inc., a company listed on NASDAQ for the period 1999-2000. Besides being on the Company's Board of Directors, Mr. Yarter is currently on the board of directors of Advant Medical and Group 3 Inc. On June 21, 2001, Mr. Robert S. Cope filed a Notice of Written Consent of Shareholders to Fill a Vacancy on the Board of Directors and a Proxy Statement to solicit the necessary shareholder written consents ("Notice"). The Notice identified that the record date for voting to fill the vacancy was June 14, 2001. Mr. Cope obtained the required number of votes through the solicitation of less than ten (10) shareholders by use of written consent forms and Mr. James R. Yarter was elected to the board of directors to serve until a successor shall be duly elected and qualified.

Robert L. Lovett, 64, is a retired medical doctor and a 4% shareholder of the Company. During the past five years Dr. Lovett has been a private investor. Dr. Lovett has also served on the board of directors of the Lovett Pinetum Charitable Foundation. Dr. Lovett is a

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first time nominee for a position on the Company's Board.

The following table sets forth information regarding the beneficial ownership of the Company's common shares by the board nominees for directors, the Company's Chief Executive Officer and the four other highest paid executive officers (the "Named Executive Officers"), and the directors and executive officers as a group.

Names	Amount and Nature of Beneficial Ownership of Common Shares as of 11/26/01	Percent of Class
-----	-----	-----
Robert S. Cope	1,829,725 (1)	36.6%
Paul R. Cope	373,602	7.5%
James R. Yarter	120,000	2.4%
Robert L. Lovett	195,000	3.9%
Executive Officers and Directors as a Group (6 Persons)	2,613,827	52.3

(1) Includes the following shares held by family members and relatives: 1,641,475 shares held by the Cope Family Trust of which Mr. Cope is the trustee; 71,625 shares held by Bryan A. Cope; 101,625 shares held by Lizabeth L. Cope; and 15,000 shares held by William R. McConnell.

During the Company's year ended December 31, 2000, the board of directors did not hold any meetings, but acted by unanimous written consent on eight (8) occasions. For the calendar year 2001, the board of directors has held five meetings. In addition to these meetings the Board has acted by unanimous written consent on one occasion.

The Company's board of directors does not maintain standing audit, nominating or compensation committees. These matters are considered and acted upon by the entire board of directors.

Cash Compensation

The following table discloses compensation received for the three fiscal years ended December 31, 2000, by the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name and Other Principal Position	Year	Annual Compensation			Long-term Compensation Awards	
		Salary	Bonus	Compensation	Securities Underlying	All
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Robert S. Cope	2000	\$137,000	-0-	\$43,391	-0-	-
0- Chairman of the	1999	156,000	-0-	32,708	-0-	-

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0-							
Board (1)		1998	133,000	-0-	31,497	-0-	-
0-							
Michael .K. Skiles		2000	\$102,000	-0-	-0-	-0-	-
0-							
President							
Corey M. Patick	EVP	2000	\$145,000	-0-	-0-	-0-	-
0-							
Daniel E. Luebben	CFO	2000	\$108,000	-0-	-0-	-0-	-
0-							
		1999	93,000	-0-	-0-	-0-	-
0-							
		1998	100,000	-0-	-0-	-0-	-
0-							
William J. Kliss	COO	2000	\$ 69,000	-0-	-0-	-0-	-
0-							
		1999	138,000	-0-	-0-	-0-	-
0-							
		1998	138,000	-0-	-0-	-0-	-
0-							