

WASTE MANAGEMENT INC
Form 4
January 31, 2007

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SIMPSON ROBERT G

2. Issuer Name and Ticker or Trading Symbol
WASTE MANAGEMENT INC [WMI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1001 FANNIN, SUITE 4000
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/27/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
SVP, Chief Financial Officer

HOUSTON, TX 77002

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	01/27/2007		F	V 2,526 D \$ 37.28	76,263.9113	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu...
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Reporting Owners

Reporting Owner Name / Address	Relationships				Amount or Number of Shares
	Director	10% Owner	Officer	Other	
SIMPSON ROBERT G 1001 FANNIN SUITE 4000 HOUSTON, TX 77002			SVP, Chief Financial Officer		

Signatures

Robert G. Simpson
01/31/2007
 **Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
 Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.
 Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Board of Directors are independent except Messrs. Goldwasser, Sokolow, Klein and Fagenson.

Meetings and Committees of the Board of Directors and Corporate Governance Matters

During the fiscal year ended September 30, 2012, the Company’s Board of Directors met or acted by unanimous written consent a total of 11 times. Each director attended or participated in 75% or more of the aggregate of the total number of meetings of the Board of Directors and committees on which he served during the time he served as a director.

Committees of the Board of Directors

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Director Qualifications. Until December 2012, the Board of Directors did not have a separate nominating committee as the Company believed that having the full Board deliberate the nomination process was in the Company's best interest. In December 2012, the Board of Directors established a Nominating and Corporate Governance Committee, although prior to such date the Company had a Corporate Governance Committee but it did not also act as the Company's nominating committee. In making its nominations, the Nominating and Corporate Governance Committee (and prior to establishing the Nominating and Corporate Governance Committee, the full Board of Directors) identifies candidates who meet the current challenges and needs of the Board of Directors. In determining whether it is appropriate to add or remove individuals, the Nominating and Corporate Governance Committee (and prior to establishing the Nominating and Corporate Governance Committee, the full Board of Directors) considers issues of judgment, diversity, age, skills, background and experience. In making such decisions, the Nominating and Corporate Governance Committee (and prior to establishing the Nominating and Corporate Governance Committee, the full Board of Directors) considers, among other things, an individual's business experience, industry experience, financial background and experiences. The Nominating and Corporate Governance Committee (and prior to establishing the Nominating and Corporate Governance Committee, the full Board of Directors) also considers the independence, financial literacy and financial expertise standards required by our Board of Directors committees' charters and applicable laws, rules and regulations, and the ability of the candidate to devote the time and attention necessary to serve as a director and a committee member.

While the Company does not have a formal diversity policy with respect to director nominations, as noted above, it considers diversity, which it defines broadly to include an appropriate combination of business acumen, educational experience, work experience and the other items noted above, as well as traditional diversity concepts such as race, as one of a number of factors it considers to identify qualified nominees for directors.

Identifying and Evaluating Nominees for Director. In the event that vacancies are anticipated or otherwise arise, the Nominating and Corporate Governance Committee (and prior to establishing the Nominating and Corporate Governance Committee, the full Board of Directors) considers various potential candidates for director. Candidates may come to the attention of the Board through current directors, professional search firms engaged by us, stockholders or other persons. Candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee (and prior to establishing the Nominating and Corporate Governance Committee, the full Board of Directors) and may be considered at any point during the year.

Stockholder Nominees. Candidates for director recommended by stockholders will be considered by the Nominating and Corporate Governance Committee. Such recommendations should include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications for membership on our Board of Directors, information regarding any relationships between the candidate and us within the last three years, including stockholdings in us, and a written indication by the recommended candidate of the candidate's willingness to serve, and should be sent to the Nominating Committee of the Board of Directors at the address listed on page 13 of this proxy statement.

The Nominating and Corporate Governance Committee and the Board of Directors will evaluate recommendations for director nominees submitted by directors, management or qualifying stockholders in the same manner, using the criteria stated above. All directors and director nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee currently consists of Salvatore Giardina and Frank S. Plimpton. During the fiscal year ended September 30, 2012, the Audit Committee consisted of Leonard Sokolow, Frank Plimpton and Robert Lautz.

On January 22, 2003, the Board adopted a charter for the Audit Committee, as amended and restated on January 12, 2004 and January 27, 2009, a copy of which is available on our website, www.NHLDCorp.com. The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management is responsible for the Company's internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent public accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Audit Committee has the power and authority to engage the independent public accountants, reviews the preparations for and the scope of the audit of the Company's annual financial statements, reviews drafts of the statements and monitors the functioning of the Company's accounting and internal control systems through discussions with representatives of management and the independent public accountants.

Under SEC rules, companies are required to disclose whether their audit committees have an "audit committee financial expert" as defined in Item 407(d) of Regulation S-K under the Exchange Act. The Board of Directors has determined that Mr. Giardina, and formerly Mr. Sokolow, are financial experts. The Audit Committee meets quarterly and on an as-needed basis. The Committee met four times during the year ended September 30, 2012.

The Audit Committee has submitted the following report:

On December 17, 2012, the Audit Committee met to review the results of the fiscal year 2012 audit. The Audit Committee reviewed the Company's audited financial statements as of and for the fiscal year ended September 30, 2012, with management and the Company's independent public accountants, Sherb & Co., LLP. This review included the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees", as issued and amended by the Auditing Standards Board of the American Institute of Certified Public Accountants. The Audit Committee discussed with Sherb & Co., LLP their independence from management and from the Company, and has received the written disclosures and the letter required by Independent Standards Board Standard No. 1, as adopted by the Public Company Accounting Oversight Board in Rule 3600T from Sherb & Co., LLP confirming their independence.

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Based on the above review and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements as of and for the fiscal year ended September 30, 2012, be included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012.

Respectfully,

Salvatore Giardina
Frank Plimpton
Robert Lautz

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Compensation Committee

The Compensation Committee currently consists of Salvatore Giardina, Frank S. Plimpton and Peter Zurkow. During the fiscal year ended September 30, 2012, the Compensation Committee consisted of Michael Weiss and Jorge Ortega. On January 12, 2004, the Compensation Committee adopted a formal Compensation Committee Charter, as amended and restated on January 27, 2009, which contains a detailed description of the committee's duties and responsibilities, a copy of which is available on our website, www.NHLDCorp.com. The Compensation Committee meets annually and on an as-needed basis. The Committee did not meet or act by unanimous written consent during the year ended September 30, 2012.

Nominating and Corporate Governance Committee

In December 2012, the Board of Directors established a Nominating and Corporate Governance Committee. Prior to December 2012, the Company had a Corporate Governance Committee but it did not also act as the Company's nominating committee. The Nominating and Corporate Governance Committee currently consists of Mark D. Klein and Frank Plimpton. During the fiscal year ended September 30, 2012, the Corporate Governance Committee consisted of Paul Coviello, Frank Plimpton and Jorge Ortega. The Nominating and Corporate Committee does not have a charter. The Nominating and Corporate Governance Committee is responsible for finding, evaluating, considering and proposing nominees to stand for election to the Board of Directors. The Nominating and Corporate Governance Committee assists the Board, on at least an annual basis, by identifying individuals qualified to become board members, and recommending to the Board the Director nominees for the next Annual Meeting of Shareholders.

The Nominating and Corporate Governance Committee was created with certain duties and responsibilities, including, among other things, setting the Company's trading policy, monitoring Sarbanes-Oxley matters and resolving Board of Director conflicts. The Corporate Governance Committee meets on an as-needed basis. The Corporate Governance Committee met once during the year ended September 30, 2012.

Compensation Committee Interlocks and Insider Participation

Except as described below under Certain Relationships and Related Transactions, no member of the Company's Board of Directors or Compensation Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. None of the Company's executive officers served as a member of the board of directors or compensation committee, or similar committee, of any other company whose executive officer(s) served as a member of the Company's Board of Directors or Compensation Committee.

Procedures for Stockholder Communications to Directors

Stockholders may communicate directly with the Board of Directors. All communications should be directed to our Corporate Secretary at the address below and should prominently indicate on the outside of the envelope that it is intended for the Board of Directors or for non-management directors. If no director is specified, the communication will be forwarded to the entire Board. Stockholder communications to the Board should be sent to:

Corporate Secretary
Attention: Board of Directors
1200 North Federal Highway, Suite 400
Boca Raton, FL 33432

Director Attendance Policy

Explanation of Responses:

Attendance of directors at our annual meetings of stockholders can provide our stockholders with an opportunity to communicate with directors about issues affecting the Company. Accordingly, all directors are encouraged to attend annual meetings of stockholders; however, attendance is not mandatory. At the 2012 annual meeting of stockholders, two members of the Board were in attendance.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEES AS A DIRECTOR OF THE COMPANY.

Executive Officers

The following sets forth information as to persons who served as our executive officers as of February 26, 2013:

Mark Klein, 51 years old. Chief Executive Officer and Co-Chairman. For information regarding Mr. Klein, see "Proposal 1 – Election of Directors".

Robert Fagenson, 64 years old. Executive Co-Chairman. For information regarding Mr. Fagenson, see "Proposal 1 – Election of Directors".

Mark Goldwasser, 54 years old. President. For information regarding Mr. Goldwasser, see "Proposal 1 – Election of Directors".

Alan B. Levin, 49 years old, has been our Chief Financial Officer since the merger with vFinance, Inc. in July 2008. Prior to that, he served as Chief Financial Officer of vFinance since January 2007. Prior to that date, he served as its Interim Chief Financial Officer since July 2006 and its Controller since June 2005. Prior to joining vFinance, Mr. Levin served as Chief Financial Officer for United Capital Markets, Inc. from September 2000 to January 2005. Mr. Levin has over 14 years of experience in the brokerage industry serving as a Financial and Operations Principal and 24 years of experience serving in accounting management roles in various industries. He received a B.S. degree in Economics with a concentration in Accounting from Southern Connecticut State University in New Haven, Connecticut in 1986.

Summary Compensation Table

The following table sets forth the cash compensation paid by the Company to each of Mark Goldwasser, Leonard Sokolow and Alan B. Levin (collectively the "Named Executive Officers") during the fiscal years ended September 30, 2012 and 2011:

Name and Capacity	Year	Salary	Non-equity Incentive Compensation	Options	Other Compensation (3)	Total Compensation
Mark Goldwasser	2012	506,630	\$ -	\$ -	\$ 17,666	\$ 524,296
Former Chief Executive Officer	2011	480,785	\$ -	\$ -	\$ -	\$ 480,785
and Current President (1)						
Leonard Sokolow	2012	399,838	\$ -	\$ -	\$ 47,720	\$ 447,558
Vice Chairman and Former President (2)	2011	480,785	\$ -	\$ -	\$ -	\$ 480,785
Alan B. Levin	2012	215,794	\$ -	\$ -	\$ -	\$ 215,794
Chief Financial Officer	2011	175,123	\$ 20,000	\$ -	\$ -	\$ 195,123

(1) On January 25, 2013, Mark Goldwasser resigned as our Chief Executive Officer and was appointed as our (2) President.

Explanation of Responses:

On July 25, 2012, Leonard Sokolow resigned as our President.

(3) Consists of shares of Common Stock issued pursuant to amended employment agreements dated November 2009.

Mark Goldwasser Employment Agreement

On July 1, 2008, concurrent with the closing of the merger of the Company and vFinance, Inc., Mark Goldwasser entered into a five-year employment agreement with us, pursuant to which Mr. Goldwasser is entitled to receive an annual base salary of \$450,000, which will increase 5% per year, and an automobile expense allowance of \$1,000 per month.

On November 23, 2009, Mr. Goldwasser's employment agreement was amended to revise the bonus payable under such agreement. As revised, for the fiscal year beginning October 1, 2009, the bonus will be payable quarterly in an amount equal to seven and one-half (7.5%) percent of the Company's annual Adjusted EBITDA (as defined below) in excess of \$1,500,000 (of which 50% will be paid as soon as practicable in cash after the end of each fiscal quarter ("Paid Portion"), and 50% will accrue until the conclusion of the fiscal year ("Accrued Portion")).

To the extent that the Adjusted EBITDA for any fiscal year is between \$1,500,000 and \$4,500,000, up to 100% of the Accrued Portion may, at the Board's discretion, be satisfied by the issuance of the Company's restricted Common Stock, at its then fair market value. To the extent that the Adjusted EBITDA for such fiscal year exceeds \$4,500,000, the Accrued Portion shall be paid in cash.

For the purpose of the bonuses, "Adjusted EBITDA" means the net income of the Company for a particular fiscal quarter before interest, taxes, depreciation and amortization, adjusted to exclude non-cash compensation expense (including the amortization of costs associated with the issuance of stock options) and write down of forgivable loans. At the conclusion of the fiscal year, the Company and the Executive 'true up' the annualized bonus, the Paid Portion and the Accrued Portion, with payment (if any) to be made as soon as practicable following the determination of such 'true up' amount. To the extent that the 'true up' calculation results in a negative amount (i.e., the Paid Portion exceeds the annualized bonus) then (i) the Company will have no right to clawback such amount from the Executive but (ii) such amount will first be deducted from the annualized bonus (if any) to be paid for future periods. All bonuses will be subject to applicable withholding taxes which will be paid by the Company and other similar deductions and any payment of Accrued Portion payable in Common Stock shall accordingly be calculated net of such withholding on the aggregate bonus amount paid.

Mr. Goldwasser continues to be eligible to such additional bonuses as the Board of Directors of the Company determines based upon the Board's assessment of his performance in the various areas, which bonuses may be paid in cash and/or Common Stock at the Board's discretion.

Mr. Goldwasser's employment agreement terminates upon the earliest to occur of: (i) his death; (ii) a termination by the Company by reason of his disability; (iii) a termination by the Company with or without Cause; (iv) a termination by him with or without Good Reason; (v) upon a Change in Control (as defined in the employment agreement); or (vi) the non-renewal of the agreement. Upon the termination due to the death or disability of Mr. Goldwasser, by the Company without Cause, by Mr. Goldwasser with Good Reason, upon a Change of Control, or upon the expiration of the employment agreement if the Company or Mr. Goldwasser refuse to extend the term of the employment agreement, Mr. Goldwasser will be entitled to: (i) any accrued but unpaid salary or bonus or unreimbursed expenses; (ii) any bonus payable for the portion of the fiscal year during which the termination occurs; (iii) 100% of Mr. Goldwasser's base salary (150% in the event of termination by the Company without Cause or by Mr. Goldwasser with Good Reason); (iv) the continuation of health benefits until the earlier of (a) 18 months after termination and (b) the date Mr. Goldwasser accepts other employment; and (v) all unvested options granted pursuant to the employment agreement will become immediately vested and be exercisable for a period of nine months.

Pursuant to the employment agreement, Mr. Goldwasser was granted non-qualified stock options to purchase 1,000,000 shares of Company's Common Stock at an exercise price of \$1.64 per share, which was equal to the average

of the 10-day closing market price of the Common Stock prior to the effective date of the employment agreement. As of September 30, 2012 all 1,000,000 shares of Mr. Goldwasser's options have vested. The options expire June 30, 2015.

Leonard Sokolow Consulting Agreement

On July 25, 2012, the Company and Leonard J. Sokolow executed a consulting agreement (the "Consulting Agreement") which replaced the previous employment agreement between the Company and Mr. Sokolow which was entered into concurrent with the closing of the merger of the Company and vfinance, Inc., and which was subsequently amended on November 23, 2009. The terms of Mr. Sokolow's employment agreement were substantially identical to the terms set forth in Mr. Goldwasser's employment agreement which is described above under "-Mark Goldwasser Employment Agreement" except that Mr. Sokolow served as our President and Vice Chairman of the Board of Directors. Under the Consulting Agreement, Mr. Sokolow will provide to the Company and its affiliates professional consulting services in the area of general corporate, financial reporting, business development, advisory, operational, strategic, public company and broker-dealer matters as needed and requested. During the term of Consulting Agreement, Mr. Sokolow will be paid \$300,000 per annum. Mr. Sokolow has agreed to remain non-executive Vice Chairman of the Company's Board of Directors.

Grants of Plan-Based Awards

The Company did not grant any stock options or non-equity incentive compensation in the fiscal year ended September 30, 2012 to the Named Executive Officers.

No options were exercised by the Named Executive Officers in the fiscal year ended September 30, 2012.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding option awards as of September 30, 2012 for Mark Goldwasser. As of September 30, 2012, there were no outstanding option awards for Leonard Sokolow and Alan Levin.

Name	Options Grant Date (1)	Number of Securities Underlying Unexercised Options at Fiscal Year End		Option Exercise Price	Option Expiration Date
		Exercisable	Unexercisable		
Mark Goldwasser	7/1/2008	1,000,000	-	\$ 1.64	6/30/2015

(1) These options were issued in connection with the merger with vFinance, Inc.

Director's Compensation

Each outside director is paid a director's fee of \$15,000 per annum, payable quarterly. Outside directors are also granted options to purchase 10,000 shares of Common Stock each year of their tenure on the day after the date of the Company's Annual Meeting of Stockholders, which fully vest six (6) months after the date of issuance. Outside directors may also be granted options to purchase shares of Common Stock based on their service to the Company, which fully vest six (6) months after the date of issuance. The exercise price of such options equal or exceed fair market value of the Common Stock on the date of grant. The Company reimburses all directors for expenses incurred traveling to and from Board of Directors meetings. The Company does not pay inside directors any compensation for their service as director. The compensation for directors was approved by the disinterested members of the Board of Directors.

The following table summarizes the compensation of our outside directors for fiscal year 2012:

Explanation of Responses:

Name	Fees Paid	Options Awards	Total Compensation
Michael Weiss (1)	\$ 4,303	\$ -	\$ 4,303
Robert Lautz (2)	\$ 15,000	\$ -	\$ 15,000
Marshall Geller (3)	\$ 205	\$ -	\$ 205
Jorge Ortega (4)	\$ 3,688	\$ -	\$ 3,688
Frank Plimpton	\$ 15,000	\$ -	\$ 15,000

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- (1) Mr. Weiss resigned from the Board of Directors on April 14, 2012.
(2) Mr. Lautz resigned from the Board of Directors on February 13, 2013
(3) Mr. Geller resigned from the Board of Directors on January 5, 2012.
(4) Mr. Ortega resigned from the Board of Directors on March 30, 2012

Equity Compensation Plan Information

The following table sets forth information as of September 30, 2012 with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)
Equity compensation plans approved by securities holders	16,029,943 (1)	\$ 0.65	5,188,000 (2)

(1) Includes options issued and outstanding under the 2006 and 2008 Stock Option Plans.

(2) Includes options available for issuance under the 2006 and 2008 Stock Option Plans.

Employment Agreements

Messrs. Goldwasser and Sokolow entered into employment agreements with the Company dated July 1, 2008, as amended on November 23, 2009. On July 25, 2012, Mr. Sokolow and the Company entered into a Consulting Agreement which replaced Mr. Sokolow's employment agreement. See "Compensation of the Chief Executive Officer and President".

Mr. Levin entered into an automatically renewing one-year employment agreement on July 1, 2008 pursuant to which he is employed as the Chief Financial Officer of the Company. Under the terms of the agreement, Mr. Levin receives an annual base salary of approximately \$200,000. The agreement renews annually for a one-year term unless either party gives notice of non-renewal. In addition to his base salary, he is entitled to receive an annual cash bonus determined in the discretion of the Compensation Committee of the Board of Directors based upon the assessment by the President of the Company of Mr. Levin's performance in the following areas: revenue, net income and revenue growth, new business development, investor relations, communications with the Board of Directors, and other factors including, without limitation, special projects as assigned by the Chief Executive Officer or the Board of Directors.

Pension Benefits

Other than our 401(k) plan, we do not maintain any plan that provides for payments or other benefits at, following, or in connection with retirement.

Non-Qualified Deferred Compensation

We do not maintain any deferred compensation plans.

Potential Termination and Change in Control Payments

Mark Goldwasser and Alan Levin are the only Named Executive Officers who have employment agreements with us that provides for potential payments in the event of their termination.

Pursuant to the employment agreements governing the employment of the aforementioned with us, they would be entitled to compensation upon termination of their agreement by us without Cause, by the individuals for "Good Reason," or as a result of non-renewal of the agreement by either party, or as a result of his disability or his death, or upon a change of control. According to the employment agreements:

"Good Reason" means: (i) the assignment to the executive of any duties inconsistent in any material respect with the executive's position; (ii) the Company's material failure or refusal to perform any of the compensation obligations required to be performed in accordance with the agreement after a reasonable notice and an opportunity to cure same; (iii) a material diminution in title, duties, responsibilities, reporting relationship or positions; (iv) the relocation of the executive's principal office location; (v) any decrease in salary or bonuses payable pursuant to the terms of the agreement without the executive's written consent; (vi) in the case of Mr. Levin, the cessation of his position for any reason without his written consent; and (vii) in the case of Mr. Goldwasser, excludes the hiring of a new chief executive officer and/or the appointment of Messrs. Fagenson and Klein as Co-Chairmen of the Board of Directors. Any one of these events shall not be deemed to constitute Good Reason if, within a 30-day notice period, the event or circumstance giving rise to Good Reason has been fully corrected by the Company.

"Cause" shall mean (i) the executive's commission of a felony or other crime involving moral turpitude, or the commission of any other act or omission involving dishonesty or fraud with respect to the Company or any of its subsidiaries or affiliates; (ii) alcoholism or drug addiction that materially impairs the executive's ability to perform his

duties; (iii) the substantial and repeated failure to perform duties as reasonably directed by the Board (or in the case of Mr. Levin, as reasonably directed by the President), after reasonable notice and an opportunity to cure same; (iv) any material breach or violation of executive's fiduciary duty owed to the Company or any of its subsidiaries or affiliates; (v) acts of willful misconduct or gross negligence with respect to the Company or any of its subsidiaries or affiliates; (vi) any material breach of the agreement which are not cured after reasonable notice is provided; or (vii) action taken by a regulatory body or self-regulatory organization that substantially impairs the executive's ability to perform his duties pursuant to the employment agreement.

“Change in Control” means (i) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets or stock of the Company (a “Business Combination”), in each case, unless, following such Business Combination, all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the voting securities of the Company entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries); (ii) approval by the Company’s stockholders of a complete dissolution or liquidation of the Company; or (iii) any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board of Directors of the Company.

“Accrued Obligations” shall mean (i) all accrued but unpaid salary, compensation or other benefits through the date of termination; (ii) any unpaid or unreimbursed expenses incurred in accordance with the agreement; (iii) all benefits due under the terms and rules of any Company compensation or benefit plan in which the executive participates, including without limitation, any Company option plans, or otherwise required by applicable law; (iv) any unpaid bonus in respect to any completed fiscal year that has ended on or prior to the end of the term of employment; and (v) rights to indemnification by virtue of the executive’s position as an officer or director of the Company or its subsidiaries and the benefits under any directors’ and officers’ liability insurance policy maintained by the Company, in accordance with its terms thereof.

Mark Goldwasser, Former Chief Executive Officer and Current President

If Mr. Goldwasser is terminated by us without Cause or by Mr. Goldwasser for Good Reason, he would be entitled to receive (i) a severance payment equal to 150% of Mr. Goldwasser’s prior year’s salary; (ii) all accrued bonuses; (iii) all Accrued Obligations; and (iv) continued benefits for a period of 18 months including medical, hospitalization, dental and life insurance programs in which Mr. Goldwasser, his spouse and dependents were participating immediately prior thereto.

Assuming if Mr. Goldwasser is terminated as a result of a Change in Control, the Company not renewing the agreement upon its expiration either without Cause or Mr. Goldwasser not renewing the agreement due to Good Reason, or upon Mr. Goldwasser’s death or disability, he would be entitled to receive (i) a severance payment equal to 100% of Mr. Goldwasser’s prior year’s salary; (ii) all accrued bonuses; (iii) all Accrued Obligations; and (iv) continued benefits for a period of 18 months including medical, hospitalization, dental and life insurance programs in which Mr. Goldwasser, his spouse and dependents were participating immediately prior thereto. In the event of Mr. Goldwasser’s termination due to Cause or without Good Reason, Mr. Goldwasser would be entitled only to all Accrued Obligations.

Mr. Goldwasser’s option agreements contain clauses that provide that in the event of a Change in Control of the Company, the non-renewal of the employment agreement as set forth above, the termination of employment for Good Reason or without Cause or upon the death or disability of Mr. Goldwasser, all outstanding stock options become fully vested in the holder.

Alan Levin, Chief Financial Officer

Assuming if Mr. Levin is terminated by us without Cause, in the event of a Change in Control, by Mr. Levin for Good Reason or upon Mr. Levin's death or disability, he would be entitled to receive (i) a severance payment equal to 50% of Mr. Levin's prior year's salary; (ii) all Accrued Obligations, and (iii) continued benefits for a period of 18 months including medical, hospitalization, dental and life insurance programs in which Mr. Levin, his spouse and dependents were participating immediately prior thereto. In the event of Mr. Levin's termination due to Cause, without Good Reason or the non-renewal of Mr. Levin's employment agreement, Mr. Levin would have been entitled only to all Accrued Obligations.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16 of the Exchange Act, the Company's directors and executive officers and beneficial owners of more than 10% of the Common Stock are required to file certain reports, within specified time periods, indicating their holdings of and transactions in the Common Stock. Based solely on the Company's review of the copies of such forms received by it, or written representations from certain reporting persons, the Company believes that during fiscal year 2012 the Company's insiders have complied with all Section 16(a) filing requirements applicable to them except as follows:

- Marshall S. Geller filed a late Form 4 for a transaction that occurred on December 27, 2011;
- Robert E. Lautz, Jr. filed a late Form 4 for a transaction that occurred on December 27, 2011; and
- Each of Mark D. Klein, Robert Fagenson and Bryant R. Riley filed a late Form 3 for a transaction that occurred on March 30, 2012.

Review, approval, or notification of transactions with related persons

The Board of Directors reviews and votes on transactions, arrangements and relationships between the Company and any of its directors, director nominees, executive officers, beneficial owners of more than 5% of the Common Stock and their respective immediate family members where the amount involved in the transaction exceeds or is expected to exceed \$120,000 in a fiscal year (such transaction, arrangement or relationship, the "Related Transaction"). The director who has a material interest in the Related Transaction must recuse himself from the Board of Directors vote on such matter. A majority vote of the remaining Board of Directors members is required for approval of the Related Transaction. Before such vote, the Board of Directors members who are independent of the Related Transaction review, among other things, the following factors:

- the related person's interest in the transaction;
- the approximate dollar value of the amount involved;
 - the terms of the transaction;
 - the benefits to the Company;
 - the costs to the Company;
- the benefits to the Company's stockholders;
- the availability of other sources for comparable products, services, or financial benefits; and
- whether the transaction is on terms that are no less favorable to the Company than terms that could have been reached with an unaffiliated third-party under the same or similar circumstances.

Certain Relationships and Related Transactions

Messrs. Geller and Coviello (former directors of the Company who resigned in January 2012), Plimpton, Goldwasser, Sokolow and Levin have brokerage accounts and margin agreements with either National Securities or vFinance Investments. Mr. Levin has a margin agreement with vFinance Investments but has not maintained a margin balance.

Explanation of Responses:

The transactions, borrowings and interest charges in these accounts, if any, are handled in the ordinary course of business and are consistent with similar third party customer accounts.

On January 18, 2011, the Company formed a joint venture called OPN Holdings, LLC (“OPN” or the “Joint Venture”) with Opus Point Partners, LLC (“Opus”) by entering into (i) a joint venture limited liability company operating agreement (the “JV Agreement”), by and between the Company and Opus and (ii) an interim funding and services agreement by and between the Company, National Securities Corporation and OPN (the “Interim Funding Agreement,” and together with the JV Agreement, the “OPN JV Agreements”). By their terms, the OPN JV Agreements were effective as of January 14, 2011.

The Joint Venture is the holding company for an investment banking business focused on global life sciences. The Joint Venture, which includes corporate finance, advisory, capital markets and sales, will initially operate through a segregated business unit of the Company's FINRA-registered wholly-owned subsidiary National Securities Corporation ("NSC"). The Interim Funding Agreement covers this initial period and requires OPN to advance operating and payroll expenses to NSC, and will be effective until OPN has formed and registered its own broker-dealer pursuant to FINRA regulations.

Initial capital contributions to OPN included approximately \$1.0 million in cash. Profits and losses of OPN were to be allocated among the Company and Opus in proportion to their percentage interests in the Joint Venture. In April 2012, we transferred our 50% interest in OPN to OPUS and its designees.

Between March 2012 and July 2012, the Company issued and sold to National Securities Growth Partners LLC ("NSGP"), the primary principals of which include Messrs. Klein and Fagenson, convertible notes in the aggregate initial principal amount of \$5,000,000 (the "Notes"). The Notes were convertible into units of the Company consisting of (i) the Company's Series E preferred stock, par value \$0.01 per share, which was convertible into shares of Common Stock and (ii) a warrant exercisable for shares of Common Stock. In conjunction with the closing of the private placement, the Company entered into a Conversion and Exchange Agreement and a Warrant Exchange Agreement (the "Series E Conversion and Exchange Agreement") with NSGP pursuant to which, among other things, (i) NSGP converted all of the Notes (and all accrued and unpaid interest thereon) into shares of Series E Preferred Stock in accordance with the terms and conditions of the Notes (the "Note Conversion"); (ii) then, following the Note Conversion, NSGP converted all of its Series E Preferred Stock into 10,000,000 shares of Common Stock, and (iii) then, exchanged all of its warrants to purchase Common Stock for 6,697,140 shares of Common Stock.

On July 25, 2012, the Company and Leonard J. Sokolow executed a consulting agreement (the "Consulting Agreement"), which replaced the previous employment agreement between the Company and Mr. Sokolow which was entered into concurrent with the closing of the merger of the Company and vFinance, Inc., and which was subsequently amended on November 23, 2009. Under the Consulting Agreement, Mr. Sokolow will provide to the Company and its affiliates professional consulting services in the area of general corporate, financial reporting, business development, advisory, operational, strategic, public company and broker-dealer matters as needed and requested. During the term of Consulting Agreement Mr. Sokolow will be paid \$300,000 per annum.

On January 25, 2013, Messrs. Klein, Fagenson Goldwasser and Levin purchased 1,000,000, 166,666, 66,666 and 25,000 shares of Common Stock, respectively, in the private placement at a purchase price of \$0.30 per share.

Mr. Fagenson is also a party to an Independent Contractor Agreement, dated February 27, 2012, with the NSC, whereby in exchange for establishing and maintaining a branch office of NSC in New York, New York (the "Branch"), Mr. Fagenson is to receive 50% of any net income accrued at the Branch and his daughter, Stephanie Fagenson, is to receive an annual salary of \$72,000.

Independent Public Accountants

Effective January 1, 2013, Sherb & Co., LLP, ("Sherb"), the independent registered public accounting firm of National Holdings Corporation, combined its practice with RBSM LLP ("RBSM"). As a result of the combination and upon notice by Sherb to the Company, on January 29, 2013 Sherb was dismissed as the Company's independent registered public accounting firm and RBSM was engaged as the Company's independent registered public accounting firm.

The principal accountant's reports of Sherb on the financial statements of the Company as of and for the two years ended September 30, 2012 and 2011 did not contain any adverse opinion or disclaimer of opinion and were not

qualified or modified as to audit scope or accounting principles. The principal accountant's reports of Sherb on the financial statements of the Company for the years ended September 30, 2012 and 2011 contained an explanatory paragraph disclosing the uncertainty regarding the Company's ability to continue as a going concern.

During the two years ended September 30, 2012 and 2011 and through the date of this Current Report on Form 8-K, there were no disagreements with Sherb on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to Sherb's satisfaction would have caused it to make reference thereto in connection with its reports on the financial statements for such years. During the two years ended September 30, 2012 and through the date of this Current Report on Form 8-K, there were no reportable events of the type described in Item 304(a)(1)(v) of Regulation S-K.

During the two years ended September 30, 2012 and 2011 and through the date of this Current Report on Form 8-K, the Company did not consult with RBSM with respect to any of (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Company's financial statements; or (iii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or an event of the type described in Item 304(a)(1)(v) of Regulation S-K.

Audit Fees. Fees for services performed by Sherb during fiscal year 2012 relating to the audit of our consolidated annual financial statements, and the review of our consolidated quarterly financial statements included in our Forms 10-Q were approximately \$120,000. Fees for services performed by Sherb during fiscal year 2011 relating to the audit of our consolidated annual financial statements and the review of our consolidated quarterly financial statements included in our Forms 10-Q were approximately \$147,000.

Audit-Related Fees. "Audit-related fees" include fees billed for assurance and related services that are reasonably related to the performance of the audit and not included in the "audit fees" mentioned above. There were no such fees paid in fiscal years 2012 or 2011.

Tax Fees. The fees billed in fiscal years 2012 and 2011 for tax compliance, tax advice or tax planning amounted to \$58,000 and \$56,000, respectively.

All Other Fees. There were no other fees paid.

Pre-Approval Policies. Pursuant to the rules and regulations of the SEC, before the Company's independent public accountant is engaged to render audit or non-audit services, the engagement must be approved by the Company's audit committee or entered into pursuant to the committee's pre-approval policies and procedures. The policy granting pre-approval to certain specific audit and audit-related services and specifying the procedures for pre-approving other services is set forth in the Amended and Restated Charter of the Audit Committee. No representatives of Sherb are expected to attend the Annual Meeting, so stockholders will not have any opportunity to ask Sherb questions at the meeting.

PROPOSAL 2

NON-BINDING ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

The Board of Directors is submitting a "Say on Pay" proposal for stockholder consideration as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). The proposal enables our stockholders to cast an advisory vote to approve the compensation of the Company's named executive officers as disclosed in the accompanying compensation tables in this Proxy Statement.

The Board of Directors believes that the Company's compensation policies and procedures are centered on a pay-for-performance culture and are strongly aligned with the long-term interests of stockholders. In particular, the Company's compensation program is designed to:

Explanation of Responses:

- provide compensation that will attract and retain superior talent and reward Company executives based upon Company and individual performance;
- support a performance oriented environment;
- foster commonality of interest between executives and stockholders through the use of equity-based incentives and by encouraging executive stock ownership; and

- provide an appropriate mix between short-term and long-term compensation that encourages a balanced focus on short-term profit goals and long-term value creation.

This proposal gives you as a stockholder the opportunity to endorse or not endorse our executive pay program through the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC, including the compensation tables and related narrative discussion, is hereby APPROVED."

Because your vote is advisory, it will not be binding upon the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

The Board of Directors recommends a vote "FOR" approval of this resolution.

PROPOSAL NO. 3

PROPOSAL REGARDING THE FREQUENCY (ONE, TWO OR THREE YEARS) OF THE NON-BINDING STOCKHOLDER VOTE RELATING TO COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

The Dodd-Frank Act also requires that the Company's stockholders have an opportunity to vote on how often the Company should include a say on pay vote in its proxy materials for future annual meetings of stockholders. Under this Proposal No. 3, stockholders may vote to conduct the say on pay vote every year, every two years, or every three years, or may abstain from voting in response to the resolution set forth below.

"RESOLVED, that an advisory vote of the Company's stockholders relating to the compensation of the Company's named executive officers be held at an annual meeting of stockholders every year, every two years, or every three years, whichever frequency receives the highest number of stockholder votes in connection with the adoption of this resolution."

The Board of Directors has determined that a say on pay vote on executive compensation that occurs once every three years is the most appropriate alternative for the Company. In making this determination, the Board considered whether an advisory vote at this frequency provides our stockholders with sufficient time to evaluate the effectiveness of our overall compensation philosophy, policies and practices in the context of our long-term business results, while avoiding more emphasis on short term variations in compensation and business results. An advisory vote occurring once every three years also will permit our stockholders to observe and evaluate the impact of any changes to our executive compensation policies which have occurred since the last say on pay vote on executive compensation.

The option of every one year, two years, or three years that receives the highest number of votes cast will be the option selected by stockholders. However, because this vote is advisory only and therefore is non-binding on the Board of Directors, the Board may decide that it is in the best interests of the Company's stockholders to hold an advisory vote on executive compensation more or less frequently than the option approved by stockholders.

The Board of Directors recommends a vote for the option of once every "Three Years" as the frequency with which stockholders are provided with an advisory vote on executive compensation.

OTHER BUSINESS

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Management knows of no business to be brought before the Annual Meeting of Stockholders other than that set forth herein. However, if any other matters properly come before the meeting, it is the intention of the persons named in the proxy to vote such proxy in accordance with their judgment on such matters. Even if you plan to attend the meeting in person, please execute, date and return the enclosed proxy promptly. Should you attend the meeting, you may revoke the proxy by voting in person. A postage-paid, return-addressed envelope is enclosed for your convenience. Your cooperation in giving this your prompt attention will be appreciated.

By Order of the Board of Directors

/s/ Alan B. Levin
Alan B. Levin
Secretary

