

UNITED SECURITY BANCSHARES  
Form DEF 14A  
April 14, 2006

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

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 §240.14a-12

United Security Bancshares  
(Name of Registrant as Specified In Its Charter)

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

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**United Security Bancshares**

**2151 West Shaw Avenue**

**Fresno, California 93711**

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April 17, 2006

Dear Shareholders:

You are cordially invited to attend United Security Bancshares annual meeting of shareholders which will be held in the **Crown Room at the Piccadilly Inn** located at 2305 West Shaw Avenue, Fresno, California, on Wednesday, May 17, 2006 at 7:00 p.m.

At the meeting, shareholders will be asked to elect directors for the ensuing year. Information regarding the nominees for election of directors is set forth in the accompanying proxy statement.

It is important that your shares be represented at the meeting whether or not you plan to attend. Please indicate on the enclosed proxy card your vote on the matter presented, and sign, date and return the proxy card in the enclosed envelope. If you do attend the meeting and wish to vote in person, your proxy will be withdrawn at that time.

Dennis R. Woods  
Chairman of the Board

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**United Security Bancshares**

**1525 East Shaw Avenue**

**Fresno, California 93710**



**Notice of Annual Meeting of Shareholders**



May 17, 2006





To the Shareholders of

United Security Bancshares:

Notice is hereby given that the annual meeting of shareholders of United Security Bancshares will be held in the **Crown Room at the Piccadilly Inn** located at 2305 West Shaw Avenue, Fresno, California, 93711 on May 17, 2006 at 7:00 p.m. for the purpose of considering and voting upon the following matters:

1. **Election of Directors.** To elect ten (10) persons to serve as directors of United Security Bancshares until their successors are duly elected and qualified.

Robert G. Bitter, Pharm. D.  
Stanley J. Cavalla  
Tom Ellithorpe  
R. Todd Henry  
Robert M. Mochizuki

Ronnie D. Miller  
Walter Reinhard  
John Terzian  
Dennis R. Woods  
Michael T. Woolf, D.D.S.

2. **Transaction of Other Business.** To transact such other business as may properly come before the meeting and any adjournment or adjournments thereof.

The board of directors has fixed the close of business on March 24, 2006 as the record date for determination of shareholders entitled to notice of, and to vote at, the meeting.

Section 3.3 of Article III of the Bylaws sets forth the nomination procedure for nominations of directors. Section 3.3 provides:

Nominations for election of members of the board may be made by the board or by any holder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting called for the election of directors) shall be made in writing and shall be delivered or mailed to the president of the corporation by the later of: (i) the close of business twenty-one (21) days prior to any meeting of shareholders called for the election of directors; or (ii) ten (10) days after the date of mailing of notice of the meeting to shareholders. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder; (f) the number of shares of capital stock of any bank, bank holding company, savings and loan association or other depository institution owned beneficially by the nominee or by the notifying shareholder and the identities and locations of any such institutions; and (g) whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offense involving dishonesty or breach of trust, filed a petition in bankruptcy or been adjudged bankrupt. The notification shall be signed by the nominating shareholder and by each nominee, and shall be accompanied by a written consent to be named as a nominee for election as a director from each proposed nominee. Nominations not made in accordance with these procedures shall be disregarded by the chairperson of the meeting, and upon his or her instructions, the inspectors of election shall disregard all votes cast for each such nominee. The foregoing requirements do not apply to the nomination of a person to replace a proposed nominee who has become unable to serve as a director between the last day for giving notice in accordance with this paragraph and the date of election of directors if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee.

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By Order of the Board of Directors

Dated: April 17, 2006

Robert G. Bitter, Secretary

**We urge you to vote in favor of management's proposals by signing and returning the enclosed proxy as promptly as possible, whether or not you plan to attend the meeting in person. The enclosed proxy is solicited by the board of directors. Any shareholder giving a proxy may revoke it prior to the time it is voted by filing with United Security Bancshares' secretary an instrument revoking it or a duly executed proxy bearing a later date, or by attending the meeting and voting in person. Please indicate on the proxy whether or not you expect to attend the meeting so that we can arrange adequate accommodations.**

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**United Security Bancshares**

**Proxy Statement**

**Annual Meeting of Shareholders**

**May 17, 2006**

**Introduction**

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2006 annual meeting of shareholders of United Security Bancshares to be held on Wednesday, May 17, 2006 at 7:00 p.m. in the Crown Room at the Piccadilly Inn located at 2305 West Shaw Avenue, Fresno, California, and at any and all adjournments thereof.

It is anticipated that this proxy statement and the accompanying notice and form of proxy will be mailed on or about April 17, 2006 to shareholders eligible to receive notice of, and to vote at, the meeting.

**Revocability of Proxies**

A form of proxy for voting your shares at the meeting is enclosed. Any shareholder who executes and delivers such proxy has the right to and may revoke it at any time before it is exercised by filing with the secretary of United Security Bancshares an instrument revoking it or a duly executed proxy bearing a later date. In addition, the powers of the proxyholders will be suspended if the person executing the proxy is present at the meeting and elects to vote in person by advising the chairman of the meeting of his or her election to vote in person, and voting in person at the meeting. Subject to such revocation or suspension, all shares represented by a properly executed proxy received in time for the meeting will be voted by the proxyholders in accordance with the instructions specified on the proxy. **Unless otherwise directed in the accompanying proxy, the shares represented by your executed proxy will be voted FOR the nominees for election of directors named herein. If any other business is properly presented at the meeting, the proxy will be voted in accordance with the recommendations of United Security Bancshares management.**

**Persons Making the Solicitation**

This solicitation of proxies is being made by the board of directors of United Security Bancshares. The expense of preparing, assembling, printing and mailing this proxy statement and the materials used in the solicitation of proxies for the meeting will be borne by United Security Bancshares. It is contemplated that proxies will be solicited principally through the use of the mail, but directors, officers and employees of United Security Bancshares may solicit proxies personally or by telephone, without receiving special compensation.

**Voting Securities**



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There were issued and outstanding 5,687,517 shares of United Security Bancshares common stock on March 24, 2006, which has been fixed as the record date for the purpose of determining shareholders entitled to notice of, and to vote at, the meeting. On any matter submitted to the vote of the shareholders, each holder of United Security Bancshares common stock will be entitled to one vote, in person or by proxy, for each share of common stock he or she held of record on the books of United Security Bancshares as of the record date. In connection with the election of directors, shares may be voted cumulatively if a shareholder present at the meeting gives notice at the meeting, prior to the voting for election of directors, of his or her intention to vote cumulatively. If any shareholder of United Security Bancshares gives such notice, then all shareholders eligible to vote will be entitled to cumulate their shares in voting for election of directors. Cumulative voting allows a shareholder to cast a number of votes equal to the number of shares held in his or her name as of the record date, multiplied by the number of directors to be elected. These votes may be cast for any one nominee, or may be distributed among as many nominees as the shareholder sees fit. If cumulative voting is declared at the meeting, votes represented by proxies delivered pursuant to this proxy statement may be cumulated in the discretion of the proxyholders, in accordance with management's recommendation. The effect of broker nonvotes is that such votes are not counted as being voted; however such votes are counted for purposes of determining a quorum. The effect of a vote of abstention on any matter is that such vote is not counted as a vote for or against the matter, but is counted as an abstention.

### **Shareholdings of Certain**

**Beneficial Owners and Management**

Management of United Security Bancshares knows of no person who owns, beneficially or of record, either individually or together with associates, five percent (5%) or more of the outstanding shares of United Security Bancshares common stock, except as set forth in the table below. The following table sets forth, as of March 15, 2006, the number and percentage of shares of United Security Bancshares outstanding common stock beneficially owned, directly or indirectly, by each of United Security Bancshares directors, named executive officers and principal shareholders and by the directors and executive officers of United Security Bancshares as a group. The shares beneficially owned are determined under Securities and Exchange Commission Rules, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which the director, named executive officer or principal shareholder has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of March 15, 2006. Unless otherwise indicated, the persons listed below have sole voting and investment powers of the shares beneficially owned. Management is not aware of any arrangements which may, at a subsequent date, result in a change of control of United Security Bancshares.



Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
<u>Directors and Named Executive Officers:</u>		
Robert G. Bitter, Pharm. D.	487,471(2)	8.6
Rhodlee A. Braa	116,122(3)	2.0
Stanley J. Cavalla	236,849(4)	4.2
Kenneth L. Donahue	138,629(5)	2.4
Tom Ellithorpe	101,503(6)	1.8
David L. Eytcheson	450,648(7)	7.9
R. Todd Henry	20,600	*
Ronnie D. Miller	483,339(8)	8.5
Robert M. Mochizuki	31,082(9)	*
Walter Reinhard	217,986	3.8
John Terzian	96,190(10)	1.7
Dennis R. Woods	408,692(11)	7.2
Michael T. Woolf	3,000	*
All Directors and Executive Officers as a Group (14 in all)		
	1,998,554	34.8
<u>Principal Shareholder</u>		
Audry Bobbi Thomason	390,099(12)	6.9

\* Less than one percent (1%).

(1) Includes shares subject to options held by the directors and executive officers that were exercisable within 60 days of March 15, 2006. These are treated as issued and outstanding for the purpose of computing the percentage of each director, named executive officer and the directors and executive officers as a group, but not for the purpose of computing the percentage of class owned by any other person.

(2) Dr. Bitter has shared voting and investment powers as to 396,648 shares in his capacity as a trustee of United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan, and has shared voting and investment powers as to an additional 71,700 shares. Dr. Bitter's address is c/o United Security Bancshares, 1525 East Shaw Avenue, Fresno, California 93710.

(3) Mr. Braa has shared voting and investment powers as to 81,482 of these shares and has 30,000 shares acquirable by exercise of stock options. Mr. Braa holds 19,282 shares in United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan.

(4) Mr. Cavalla has shared voting and investment powers as to 235,849 of these shares and has 1,000 shares acquirable by exercise of stock options.

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(5) Mr. Donahue has shared voting and investment powers as to 107,618 of these shares and has 30,000 shares acquirable by exercise of stock options. Mr. Donahue holds 47,522 shares in United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan.

(6) Mr. Ellithorpe has shared voting and investment powers as to 29,689 shares.

(Footnotes continued on the following page.)

(7) Mr. Eytcheson has shared voting and investment powers as to 396,648 shares in his capacity as a trustee of United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan. Mr. Eytcheson holds 26,950 shares in United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan. Mr. Eytcheson also has shared voting and investment powers as to 54,000 shares. Mr. Eytcheson's address is c/o United Security Bancshares, 1525 East Shaw Avenue, Fresno, California 93710.

(8) Mr. Miller has shared voting and investment powers as to 396,648 shares in his capacity as a trustee of United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan. Mr. Miller also has shared voting and investment powers as to an additional 77,169 shares. Mr. Miller's address is c/o United Security Bancshares, 1525 East Shaw Avenue, Fresno, California 93710.

(9) Mr. Mochizuki has 1,000 shares acquirable by exercise of stock options.

(10) Mr. Terzian has shared voting and investment powers as to 74,030 shares.

(11) Mr. Woods has shared voting and investment powers as to 363,900 of these shares. Mr. Woods holds 34,261 shares in United Security Bank's Cash or Deferred 401(k) Stock Ownership Plan and United Security Bank's Employee Stock Ownership Plan. Mr. Woods' address is c/o United Security Bancshares, 1525 East Shaw Avenue, Fresno, California 93710.

(12) Ms. Thomason's address is c/o United Security Bancshares, 1525 East Shaw Avenue, Fresno, California 93710.

#### **Section 16(a) Beneficial Ownership Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires United Security Bancshares' directors and certain executive officers and persons who own more than ten percent of a registered class of United Security Bancshares' equity securities (collectively, the Reporting Persons), to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The Reporting Persons are required by Securities and Exchange Commission regulation to furnish United Security Bancshares with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from the Reporting Persons that no Forms 4 or 5 were required for those persons, United Security Bancshares believes that, during 2005 the Reporting Persons complied with all filing requirements applicable to them.

#### **The Board of Directors and Committees**

United Security Bancshares' board of directors met 12 times in 2005. None of United Security Bancshares' directors attended less than 75 percent of all board of directors' meetings and committee meetings of which they were a member. United Security Bancshares has a standing Audit Committee. The board has no separate nominating or compensation committee, however, the independent directors meeting in executive session handle director nominations and chief executive officer and executive officer compensation. The board believes that its independent directors can effectively perform the functions of a traditional nominating and compensation committee.

### **Corporate Governance Principles and Board Matters**

United Security Bancshares is committed to having sound corporate governance principles which are important to the way United Security Bancshares manages its business and to maintaining United

Security Bancshares integrity in the marketplace. United Security Bancshares charter of the Audit Committee is available at <http://www.unitedsecuritybank.com>.

### **Board Independence**

The Board has determined that constituting a majority of the directors standing for reelection are independent within the meaning of the director independence standards set by the Nasdaq Stock Market, Inc. ( NASDAQ ) and the Securities and Exchange Commission ( SEC ), as currently in effect and as they may be changed from time to time. Furthermore, the Board has determined that each of the current members of the Audit Committee is independent within such director independence standards and that each member of the Audit Committee satisfies the financial literacy requirements set forth under Rule 4350(d)(2) of the NASDAQ Rules.

### **Financial Expert**

The Board has determined that Todd Henry meets all of the attributes of an audit committee financial expert and independence as those meanings are defined by the applicable rules and regulation of the SEC and NASDAQ.

### **Consideration of Director Nominees**

#### **Shareholder nominees**

United Security Bancshares independent directors meeting in executive session will consider nominees to the Board proposed by shareholders, although the Board has no formal policy with regard to shareholder nominees as they consider all nominees on their merits as discussed below. Any shareholder nominations proposed for consideration by the independent directors should include the nominee s name and qualifications for Board membership and should be addressed to:

Corporate Secretary

United Security Bancshares

1525 East Shaw Avenue

Fresno, California 93710

In addition, the bylaws of United Security Bancshares permit stockholders to nominate directors for consideration at an annual shareholder meeting. For a description of the process for nominating directors in accordance with the bylaws, please see the notice to this proxy statement.

*Selection and Evaluation of Director Candidates*

The independent directors are responsible for identifying candidates for membership on the Board and makes determinations as to whether to recommend such candidates nomination to the Board based on their character, judgment, and business experience, as well as their ability to add to the Board's existing strengths. This assessment typically includes issues of expertise in industries important to United Security Bancshares, functional expertise in areas such as marketing, human resources, operations, finance and information technology and an assessment of an individual's abilities to work constructively with the existing Board and management, all in the context of an assessment of the perceived needs of the Board at that point in time. The independent directors do not have any written specific minimum qualifications or skills that they believe must be met by either their candidates or a shareholder-recommended candidate in order to serve on the Board. The independent directors identify nominees by first evaluating the current members of the Board of Directors qualified and willing to

continue in service. Current members of the Board with skills and experience that are relevant to United Security Bancshares' business and who are willing to continue in service are considered for renomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service or if the independent directors or the Board decided not to nominate a member for reelection, the independent directors identify the desired skills and experience of a new nominee in light of the following criteria. When identifying and evaluating new directors, the independent directors consider the diversity and mix of the existing board of directors, including, but not limited to, such factors as: the age of the current directors, their geographic location (being a community bank, there is a strong preference for local directors), minority and female representation on the Board of Directors, employment experience, community representation, public interest considerations and the implementation of United Security Bancshares' strategic plan. Among other things, when examining a specific candidate's qualifications, the independent directors consider: the ability to represent the best interest of United Security Bancshares, existing relationships with United Security Bancshares, interest in the affairs of United Security Bancshares and its purpose, the ability to fulfill director responsibilities, leadership skill, reputation within United Security Bancshares' community, community service, integrity, business judgment, ability to develop business for United Security Bancshares and the ability to work as a member of a team. All nominees to be considered at the Meeting were recommended by the independent directors in executive session.

### **Communications with the Board and Annual Meeting Attendance**

Individuals who wish to communicate with United Security Bancshares' Board may do so by sending an e-mail to United Security Bancshares' Board at [kbledsoe@unitedsecuritybank.com](mailto:kbledsoe@unitedsecuritybank.com). Any communications intended for nonmanagement directors should be sent to the e-mail address above to the attention of the Chairperson of the Audit Committee. United Security Bancshares does not have a policy regarding Board member attendance at annual meetings of shareholders. All of the then-directors of United Security Bancshares attended United Security Bancshares' 2005 annual meeting of shareholders.

### **Code of Ethics**

United Security Bancshares has adopted a Code of Business Conduct and Ethics that is applicable to the officers, directors and employees of United Security Bancshares. United Security Bancshares' principal executive officer, principal financial officer, principal accounting officer, controller, or persons performing similar functions also adhere to a Code of Ethics for Senior Financial Officers. The Code of Business Conduct and Ethics and the Code of Ethics for Senior Financial Officers are available on United Security Bancshares' website at [www.unitedsecuritybank.com](http://www.unitedsecuritybank.com)

### **Audit Committee**

The Audit Committee met 11 times during the year ended December 31, 2005. During 2005, the Audit Committee of United Security Bancshares consisted of Directors Henry (chairman), Reinhard and Terzian. Director Henry is deemed by United Security Bancshares to be an audit committee financial expert. Director Henry has an understanding of generally accepted auditing principles ( GAAP ) and has the ability and experience to prepare, audit, evaluate and analyze financial statements which present the breadth and level of complexity of issues that United Security Bancshares reasonably expects to be raised by United Security Bancshares' financial statements. Director Henry is a Certified Public Accountant.

The Audit Committee oversees United Security Bancshares' corporate accounting and reporting practices and the quality and integrity of United Security Bancshares' financial statements and reports, selects, hires, oversees and terminates United Security Bancshares' independent auditors, monitors United Security Bancshares' independent auditors' qualifications, independence and performance, monitors United Security Bancshares and its affiliates' compliance with legal and regulatory requirements, and oversees all internal auditing functions and controls.

**Policy on Audit Committee Pre-Approval of Audit**

**and Non-Audit Services of Independent Auditor**

The Audit Committee's policy is to preapprove all audit and nonaudit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Preapproval is generally provided for up to one year and any preapproval is detailed as to particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated preapproval authority to its Chairman when expedition of services is necessary. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with this preapproval, and the fees for the services performed to date. The tax fees and other fees paid in 2006 and 2005 were approved per the Audit Committee's preapproval policies.

The Audit Committee meets annually to discuss and review the overall audit plan. The Board has adopted a written charter for the Audit Committee which is attached as Exhibit A to this proxy statement.

**Audit Committee Report**

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that United Security Bancshares specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Acts.

The Audit Committee has reviewed United Security Bancshares' audited financial statements and discussed such statements with management. The Audit Committee has discussed with Moss Adams LLP, United Security Bancshares' independent auditors during the year 2005, the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit and Finance Committees, as amended).

The Audit Committee received written disclosures and a letter from Moss Adams LLP, required by Independence Standards Board Standard No. 1 and has discussed with them their independence from management. The Audit Committee has also considered whether the independent auditors' provision of other nonaudit services is compatible with the auditors' independence.

Based on the review and discussions noted above, the Audit Committee recommended to the Board that United Security Bancshares' audited financial statements be included in United Security Bancshares' Annual Report on Form 10-K for the year ended December 31, 2005, for filing with the Securities and Exchange Commission.





The Audit Committee has also confirmed that there have been no new circumstances or developments since their respective appointments to the Audit Committee that would impair any member's ability to act independently.

**The Audit Committee:**

Todd Henry, Chairman