

Edgar Filing: SUTRON CORP - Form DEF 14A

SUTRON CORP
Form DEF 14A
April 23, 2004

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the registrant
Filed by a party other than the registrant }

Check the appropriate box:

- Preliminary proxy statement
- Definitive proxy statement
- Definitive additional materials
- Soliciting material under Rule 14a-12
- Confidential, for use of the Commission only
(as permitted by Rule 14a-6(e) (2))

Sutron Corporation

(Name of Registrant as Specified in Charter)

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

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on the table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11.

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Edgar Filing: SUTRON CORP - Form DEF 14A

{ } Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fees was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

SUTRON CORPORATION
21300 Ridgetop Circle
Sterling, Virginia 20166
(703) 406-2800

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 12, 2004

To the Holders of Common Stock of Sutron Corporation,

Notice is hereby given that the Annual Meeting of Shareholders of Sutron Corporation (the "Company") will be held at 21300 Ridgetop Circle, Sterling, Virginia, on Wednesday, May 12, 2004, at 4:00 p.m., local time, for the following purposes:

(i) To elect five directors to hold office until the next annual election of directors and until their successors shall have been duly elected and qualified;

(ii) To approve the appointment of Thompson, Greenspon & Co., P.C. as independent public accountants for the year 2004; and

(iii) To transact such other business as may properly come before the meeting and any adjournments thereof.

Holders of shares of Common Stock of record at the close of business on Monday, March 22, 2004, are entitled to notice of and to vote at the meeting.

A Proxy Statement and a Proxy for the meeting are enclosed herewith. We urge you to attend the 2004 Annual Shareholders Meeting. Your vote is important and we would appreciate the prompt return of your signed Proxy in the enclosed envelope. If you attend the meeting in person, you may, if you desire, revoke your Proxy and vote in

Edgar Filing: SUTRON CORP - Form DEF 14A

person.

By Order of the Board of Directors,

/S/ Thomas N. Keefer

Thomas N. Keefer
Secretary

Sterling, Virginia
April 23, 2004
Enclosure

SUTRON CORPORATION
21300 Ridgetop Circle
Sterling, Virginia 20166
(703) 406-2800

PROXY STATEMENT

The enclosed Proxy is solicited on behalf of the Board of Directors of Sutron Corporation (the "Company") for use at its Annual Meeting of Shareholders to be held on Wednesday, May 12, 2004 at 4:00 p.m., local time, and at any adjournments thereof. The purposes of the meeting are set forth herein and in the accompanying Notice of Annual Meeting of Shareholders. The meeting will be held at the principal executive offices of the Company, 21300 Ridgetop Circle, Sterling, Virginia 20166.

After the enclosed Proxy is duly executed and returned, a shareholder may revoke the proxy at any time by written request that is received by the Secretary of the Company prior to the meeting or by voting in person at the meeting or by executing a later dated Proxy. The Proxy is in ballot form so that a specification may be made to vote for, or to withhold authority to vote for, the nominees for election as directors, or any of them, and to indicate whether the shareholder wishes to vote for or against, or abstain from voting upon the other proposal.

The holders of shares of Common Stock of record at the close of business on Wednesday, March 22, 2004 are entitled to notice of and to vote at the meeting. On March 22, 2004, the Company had outstanding and entitled to vote 4,289,551 shares of Common Stock, and a majority of such shares, present or represented by proxy, will constitute a quorum. Each share of Common Stock entitles the holder to one vote on each matter to be voted upon at the meeting. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. The affirmative vote of a majority of the shares of Common Stock voting is required for the approval of the appointment of the independent public accountants. This Proxy Statement and the accompanying Proxy will first be mailed or given to shareholders on or about April 14, 2004.

PRINCIPAL SHAREHOLDERS

The following table sets forth the names and addresses

Edgar Filing: SUTRON CORP - Form DEF 14A

of all persons who beneficially owned, to the knowledge of the Company, more than 5% of the outstanding shares of the Company's Common Stock on March 22, 2004.

| Name and Address of Beneficial Owner | Number of Shares Beneficially Owned | Percentage of Class (1) |
|--|-------------------------------------|-------------------------|
| Kenneth W. Whitt 2714 W. Country Club Drive Snowflake, Arizona 85937 | 852,000 (2) | 19.9% |
| Raul S. McQuivey, Ph.D. 11211 Lapham Drive Oakton, Virginia 22121 | 865,186 (3) | 19.7% |
| Thomas N. Keefer, Ph.D. Route #4, Box 403 B Leesburg, Virginia 22075 | 540,775 (4) | 12.7% |
| Daniel W. Farrell 2799 Equus Court Herndon, Virginia 22071 | 259,660 (5) | 7.1% |

(1) As of March 22, 2004, the Company had 4,289,551 shares of common stock outstanding. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock, which that person could purchase by exercising outstanding options and options which will become exercisable within 60 days of March 22, 2004, are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

(2) The shares are owned by Kenneth W. Whitt and Eva D. Whitt, Mr. Whitt's wife, as Joint Tenants with a Right of Survivorship; Mr. Whitt is deemed the beneficial owner of all the shares since Mr. Whitt shares voting power and investment power over such shares.

(3) Includes 749,586 shares owned by Dr. Raul S. McQuivey and Karen T. McQuivey, Dr. McQuivey's wife, as Joint Tenants with a Right of Survivorship; Dr. McQuivey is deemed the beneficial owner of such shares since Dr. McQuivey shares voting power and investment power over such shares.

(4) Includes 535,000 shares owned by Dr. Thomas N. Keefer and Sally E. Keefer, Dr. Keefer's wife, as Joint Tenants with a Right of Survivorship; Dr. Keefer is deemed the beneficial owner of such shares since Dr. Keefer shares voting power and investment power over such shares.

(5) Includes 214,300 shares owned by Daniel W. Farrell and Jill E. Farrell, Mr. Farrell's wife, as Joint Tenants with a Right of Survivorship; Mr. Farrell is deemed the beneficial owner of such shares since Mr. Farrell shares voting power and investment power over such shares.

ELECTION OF DIRECTORS

A board of five directors is to be elected at the 2004 Annual

Edgar Filing: SUTRON CORP - Form DEF 14A

Shareholders Meeting. It is intended that the shares represented by the enclosed Proxy will be voted for the election of the five nominees for directors named in the Proxy unless such Proxy is marked to withhold authority. The term of office of each director will be until the next annual election of directors and until a successor is elected and qualified or until the director's earlier death, resignation or removal. All of the nominees have consented to serve if elected. In the event that any nominees for directors should be unavailable, which is not anticipated, the Board of Directors, in its discretion, may designate substitute nominees, in which event Proxies received by the Board of Directors will be voted for such substitute nominees.

INFORMATION ABOUT NOMINEES FOR DIRECTORS

The following information with respect to each nominee has been furnished to the Company by the respective nominees for director.

Raul S. McQuivey, Ph.D., age 65, has served as a Director since 1976, as President, Chief Executive Officer, and Chairman of the Board of Directors since January 1989, and as Chief Operational Officer since September 1980. Dr. McQuivey also served as Executive Vice President from September 1980 to January 1989, Treasurer of the Company from March 1983 to March 1984 and as Secretary from March 1983 until September 1989. Dr. McQuivey earned a B.S. in Civil Engineering from Utah State University in 1961, an M.S. in Civil Engineering (Hydraulics) from Colorado State University in 1963, and a Ph.D. in Civil Engineering (Hydraulics, Hydrology and Fluid Mechanics) from Colorado State University in 1967. He is a Registered Professional Engineer.

Thomas N. Keefer, Ph.D., age 59, has served as Vice President, and as Director of the Company, since March 1981. He joined the Company in January 1977, as a Project Engineer and served as the Vice President of the Water Resources and then the Integrated Systems Division from 1981 to 1997. Dr. Keefer has earned three degrees from Colorado State University, a B.S. in Civil Engineering in 1967, an M.S. in Civil Engineering (Hydraulics) in 1969, and a Ph.D. in Civil Engineering (Hydraulics, Hydrology and Fluid Mechanics) in 1971. He is a Registered Professional Engineer.

Daniel W. Farrell, age 51, has served as a Director since 1988 and as Vice President of the Company since March 2, 1984 and Secretary since September 1, 1989. Mr. Farrell joined the Company in September 1976 as a staff scientist. He was promoted to the position of Director of Engineering in August 1989. Mr. Farrell received a B.S. in Chemistry from Brigham Young University in 1976.

Sidney C. Hooper, age 45, has served as Treasurer of the Company since May 14, 1993. Mr. Hooper joined the Company in August 1989 and was promoted to the position of Controller in January 1990. Prior to joining the Company, Mr. Hooper served as a Senior Accountant with Arthur Andersen & Company. Mr. Hooper received a B.S. in Accounting from Brigham Young University in 1983 and a Master of Accountancy from Brigham Young University in 1984.

Robert F. Roberts, Jr., age 53, was the CEO, Chairman and Founder Concepts Automation from 1975 to 1995. Concepts Automation, a computer systems integrator, grew from a one-man operation to employing over 220 people in six offices. Federal and state government agencies and Fortune 1000 companies were the primary clients. Sales in 1995 were in excess of \$100 million when the company was sold. Mr. Roberts has served as a Director for Colgan Airways, a regional commuter airline

Edgar Filing: SUTRON CORP - Form DEF 14A

from 1990 to present, as a Principal for Foresight Funding that manages private investments in tax free bonds, real estate and corporate obligations from 1995 to present and as Chairman, Trustee of Wakefield School, a private school that offers a classical curriculum for grades Pre-K to 12 from 1990 to present. Mr. Roberts received an Associates degree in Business Management from Northern Virginia Community College.

MANAGEMENT OWNERSHIP OF COMMON STOCK

Set forth below is information concerning stock ownership of each director and nominee, and all directors and officers of the Company as a group, as of March 22, 2004. The statements as to securities beneficially owned are, in each instance, based upon information furnished by each individual. As to the shares shown to be beneficially owned, the owner has sole investment and voting power, unless otherwise indicated.

| Name of Beneficial Owner | Amount of Ownership | Percent of Class (1) |
|---|---------------------|----------------------|
| Raul S. McQuivey, Ph.D. | 865,186 (2) | 19.7% |
| Thomas N. Keefer, Ph.D. | 543,775 (3) | 12.7% |
| Daniel W. Farrell | 309,820 (4) | 7.1% |
| Sidney C. Hooper | 104,200 (5) | 2.4% |
| Robert F. Roberts, Jr. | 10,000 | .2% |
| All officers and directors as a group (5 in number) | 1,832,981 | 42.1% |

(1) See Note 2 under "PRINCIPAL SHAREHOLDERS".

(2) See Note 3 under "PRINCIPAL SHAREHOLDERS".

(3) See Note 4 under "PRINCIPAL SHAREHOLDERS".

(4) See Note 4 under "PRINCIPAL SHAREHOLDERS".

(5) The shares are owned by Sidney C. Hooper and Malissa C. Hooper, Mr. Hooper's wife, as Joint Tenants with a Right of Survivorship; Mr. Hooper is deemed the beneficial owner of all the shares since Mr. Hooper shares voting power and investment power over such shares.

BOARD MEETINGS AND COMMITTEES

During the year December 31, 2003, the Board of Directors held three meetings. Each director attended all of the meetings of the Board. The Board does not have an audit committee or compensation committee. Due to the absence of an audit committee, the Company does not have an audit committee financial expert. The Company does believe that this is an important position that would provide great benefit but has not yet identified qualified individuals to serve in this capacity.

EXECUTIVE OFFICERS

The Company currently has three executive officers. All three officers, Dr. Raul S. McQuivey, Daniel W. Farrell and Sidney C. Hooper also serve as directors of the Company. Their offices and business experience are described herein under the heading "INFORMATION ABOUT NOMINEES FOR DIRECTORS."

The term of office of all executive officers is until the next annual meeting of the Board of Directors or until the executive

Edgar Filing: SUTRON CORP - Form DEF 14A

officer's earlier death , resignation or removal.

EXECUTIVE OFFICERS

The following summary compensation table sets forth information concerning the annual and long-term compensation paid by us during the last three completed years to our chief executive officer, and the other most highly compensated executive officers whose total compensation for services in all capacities exceeded \$100,000 during such year, whom we refer to as our "Named Executive Officers".

| Name and Principal Position | Year | Annual Compensation | | Long Term Compensation | | | |
|-----------------------------------|------|---------------------|-------|--|---|-------------------------|---------------|
| | | Salary | Bonus | Awards Other Annual Stock Compen-Awards (1) | Restricted Options/Payouts SARs (#) | LTIP Payouts (\$) | Other (\$) |
| Raul McQuivey CEO | 2003 | \$164,317 | | | | | \$3,148 |
| | 2002 | \$164,317 | | | | | |
| | 2001 | \$156,475 | | | | | |
| Daniel Farrell Vice President | 2003 | \$136,377 | | | | | \$3,133 |
| | 2002 | \$136,377 | | | | | \$1,243 |
| | 2001 | \$132,401 | | | | | \$2, |
| Sidney Hooper Treasurer | 2003 | \$114,250 | | | | | \$4,519 |
| | 2002 | \$114,250 | | | | | |
| | 2001 | \$105,951 | | | | | |

(1) As of December 31, 2003, Raul S. McQuivey was the beneficial owner of 865,186 shares of common stock with a market value of \$562,371, Daniel W. Farrell was the beneficial owner of 309,820 shares of common stock with a market value of \$301,383 and Sidney C. Hooper was the beneficial owner of 104,200 shares of common stock with a market value of \$67,720.

(2) All other compensation in 2003 consists of the following items:

| | Mr. McQuivey | Mr. Farrell | Mr. Hooper |
|---|--------------|-------------|------------|
| Dollar value of auto Allowance relating to Personal use | \$ 0 | \$1,958 | \$4,164 |
| Dollar value of term life insurance | | | |

Edgar Filing: SUTRON CORP - Form DEF 14A

| | | | | | |
|----------|---------|-------|---------|---------|-----|
| premiums | | 3,148 | | 1,175 | 355 |
| Total | \$3,148 | | \$3,133 | \$4,519 | |

Option/SAR Grants in Last Fiscal Year

The following is a summary of certain information concerning stock options awarded to Robert F. Roberts, Jr., a director, during the last fiscal year.

| Name | Individual Grants Number of Securities Underlying Options/SARs Granted (#) | % of Total Options/SARs Granted to Employees in Fiscal Year | Exercise Price (\$/Share) | Expiration Date | Potential Realizable Value at Assumed Annual Rates of | |
|------------------------|--|--|------------------------------|-----------------|---|--|
| | | | | | Stock Price Appreciation for Option Term | Alternative to (f) and (g): Grant Date Value |
| Robert F. Roberts, Jr. | 10,000 | 6% | \$.75 | 12/18/13 | \$9,572 | \$12,079 |

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Value

The Company's Named Officers did not exercise any stock options or freestanding stock appreciation rights (SARs) during the year 2003. Outstanding stock options or SARs at fiscal year end are shown below.

| Name | Shares Acquired on Exercise (#) | Value Realized(\$) | Number of Securities Underlying Options/SARs at FY-End (#) | In-the-Money | Value of Unexercised Options | |
|----------------|---------------------------------|--------------------|--|--------------|------------------------------|---------------------------|
| | | | | | Exercisable/Unexercisable | Exercisable/Unexercisable |
| Raul McQuivey | - | - | 115,600/88,000 | | \$2,200/\$8,800 | |
| Daniel Farrell | - | - | 58,200/72,000 | | \$1,800/\$7,200 | |
| Sidney Hooper | - | - | 64,200/96,000 | | \$2,400/\$9,600 | |

Long-Term Incentive Plans - Awards in Last Fiscal Year

The Company's Named Officers were not awarded long-term incentive plans during the year 2003.

Edgar Filing: SUTRON CORP - Form DEF 14A

Compensation of Directors

The Company has no arrangement by which any of its officers are compensated for their services as directors and, therefore, Mr. Farrell and Mr. Hooper and Drs. McQuivey and Keefer will not receive any additional remuneration for their services as directors. Mr. Roberts receives compensation of \$1,000 for attending board meetings.

The Company has no plan or arrangement which would result in any executive officer receiving compensation as a result of their resignation, retirement or any other termination of employment with the Company, or from a change in control of the Company or a change in responsibilities following a change in control of the Company.

Code of Ethics

The Company has not adopted a Code of Ethics. A draft copy of a Code of Ethics will be presented to the directors at the next meeting of the Board of Directors.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Under the securities laws of the United States, the Company's directors and its executive officers are required to report ownership of the company's Common Stock and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established and the Company is required to disclose in this proxy statement any failure to file by these dates during 2003. Robert F. Roberts, Jr. was subject to the reporting requirement of Section 16(a) and was delinquent in filing a required report on Form 3.

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors has appointed Thompson, Greenspon & Co., as independent auditors of the Company for the year 2003. Thompson, Greenspon & Co. has certified the Company's financial statements for all years beginning with 1976. Representatives of Thompson, Greenspon & Co. will be present at the 2004 Annual Shareholders Meeting.

Aggregate fees for professional services rendered to the Company by Thompson, Greenspon & Co. as of and for the years ended December 31, 2003 and 2002 are summarized in the table below.

| | 2003 | 2002 |
|---------------|----------|----------|
| | ---- | ---- |
| Audit | \$28,225 | \$26,108 |
| Audit related | 0 | 0 |
| Tax | 5,500 | 5,250 |
| All other | 0 | 0 |
| | ---- | ---- |
| Total | \$33,725 | \$31,358 |
| | ===== | ===== |

Audit fees for the years ended December 31, 2003 and 2002, respectively, were for professional services rendered for the audits of the financial statements of the Company, income tax provision procedures and assistance with review of documents filed with the SEC.

Tax fees as of the years ended December 31, 2003 and 2002, respectively, were for services related to tax compliance, including the

Edgar Filing: SUTRON CORP - Form DEF 14A

preparation of tax returns, tax planning and tax advice.

The Company did not incur any fees for audit related work or for other services.

The Board of Directors recommends a vote for ratification of the appointment of Thompson, Greenspon & Co. as independent auditors.

OTHER BUSINESS WHICH MAY COME BEFORE THE MEETING

The enclosed Proxy confers upon the person or persons entitled to vote the shares represented thereby discretionary authority to vote such shares in accordance with their best judgment with respect to other business which may come before the 2004 Annual Shareholders Meeting in addition to the scheduled items of business. As of the date of this Proxy Statement, the Board of Directors knows of no other business which will be presented for consideration at the 2004 Annual Shareholders Meeting.

SHAREHOLDERS PROPOSALS

Any shareholder proposals intended to be presented at Sutrons next annual meeting of shareholders must be received by Sutron at its offices at 21300 Ridgetop Circle, Sterling, Virginia 20166, on or before December 8, 2004, for consideration for inclusion in the proxy material for such annual meeting of stockholders.

OTHER INFORMATION

A copy of the Company's Annual Report for 2003, which includes financial statements and other information concerning the Company, is included with this Proxy material. Upon the written request by any shareholder entitled to vote at the 2004 Annual Shareholders Meeting, the Company will furnish that person without charge a copy of the Company's Form 10-KSB Annual Report for 2003 which is filed with the Securities and Exchange Commission, including the financial statements and schedules thereto, but excluding the exhibits thereto.

The copy of the Form 10-KSB Annual Report will be accompanied by a list briefly describing all the exhibits not contained therein and will indicate that the Company will furnish a copy of any exhibit upon payment of a fee of \$.20 per page. Requests should be addressed to Sidney C. Hooper, Treasurer, Sutron Corporation, 21300 Ridgetop Circle, Sterling, Virginia 20166.

The Company will bear the cost of preparing this Proxy Statement and the other costs of soliciting Proxies for the 2004 Annual Shareholders Meeting. All solicitations will be made by mail. The Company does not intend to pay any compensation for this solicitation, but may reimburse brokers, and other persons holding stock in their names, for their expenses for sending Proxy material to principals and obtaining their Proxies.

YOU ARE ENCOURAGED TO SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES ON THE ENCLOSED PROXY. HOWEVER, IT IS NOT NECESSARY TO MARK ANY BOXES IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS; MERELY SIGN, DATE AND RETURN THE PROXY IN THE ENCLOSED ENVELOPE, POSTAGE FOR WHICH HAS BEEN PROVIDED.

Edgar Filing: SUTRON CORP - Form DEF 14A

THE PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THE ENCLOSED PROXY. YOUR PROMPT RESPONSE IS HELPFUL AND YOUR COOPERATION WILL BE APPRECIATED.

By Order of the Board of Directors,

/s/ Thomas N. Keefer

Thomas N. Keefer
Secretary

April 23, 2004

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

SUTRON CORPORATION

The undersigned hereby appoints Thomas Keefer and Daniel Farrell proxies, each with power to act without the other and with power of substitution, and hereby authorizes them to represent and vote, as designated on the other side, all the shares of stock of Sutron Corporation standing in the name of the undersigned with all powers which the undersigned would possess if present at the Annual Meeting of Stockholders of the Company to be held at 21300 Ridgetop Circle, Sterling, Virginia at 4:00 p.m. on May 12, 2004 or any adjournment thereof.

(Continued, and to be marked, dated and signed, on the other side)

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2.

1. ELECTION OF DIRECTORS

NOMINEES: Daniel Farrell, Sidney Hooper, Thomas Keefer, Raul McQuivey
Robert Roberts

(INSTRUCTION: To withhold authority to vote for any individual nominee, write that nominee's name in the space provided below.

For all nominees listed to the right (except as marked to the contrary) ()

WITHHOLD AUTHORITY to vote for all nominees listed to the right. ()

Ratification of Thompson, Greenspon & Co., P.C. as the independent certified public accountants of the corporation.

FOR AGAINST ABSTAIN
() () ()

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

Edgar Filing: SUTRON CORP - Form DEF 14A

Please sign exactly as name appears below. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Dated: _____ 2004

(Signature)

(Signature if held jointly)

PLEASE SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.