

BLONDER TONGUE LABORATORIES INC

Form 10-K/A

April 30, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017, OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ to _____

Commission file number: 1-14120

BLONDER TONGUE LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

52-1611421

(I.R.S. Employer Identification No.)

One Jake Brown Road, Old Bridge, New Jersey
(Address of principal executive offices)

08857
(Zip Code)

Registrant's telephone number, including area code: **(732) 679-4000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Exchange on which registered
Common Stock, Par Value \$.001	NYSE American

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definition of “accelerated filer,” “large accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
(do not check if a smaller reporting company)	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2017: \$2,542,581

Number of shares of common stock, par value \$.001, outstanding as of March 15, 2018: 8,210,743

Documents incorporated by reference:

None.

EXPLANATORY NOTE

Blonder Tongue Laboratories, Inc. (the “Company”) is filing this Amendment No. 1 on Form 10-K/A (“Amendment No. 1”) to amend its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as originally filed with the Securities and Exchange Commission (“SEC”) on April 2, 2018 (the “Original Filing”), to include the information required by Items 10 through 14 of Part III of Form 10-K. This information was previously omitted from the Original Filing in reliance on General Instruction G(3) to Form 10-K, which permits the above-referenced items to be incorporated in the Form 10-K by reference from the Company’s definitive proxy statement if the definitive proxy statement is filed no later than 120 days after the Company’s fiscal year ended December 31, 2017. The Company is filing this Amendment No. 1 to include the Part III information in its Form 10-K because now it does not intend to file a definitive proxy statement within 120 days of its fiscal year ended December 31, 2017.

As required by Rule 12b-15 under Securities Exchange Act of 1934, as amended (the “Exchange Act”), Items 10 through 14 of Part III of the Original Filing are hereby amended and restated in their entirety. In addition, the Exhibit Index in Item 15 of Part IV of the Original Filing is hereby amended to reference currently-dated certificates of the Company’s principal executive officer and principal financial officer as exhibits to this Amendment No. 1. As required by applicable SEC rules, the Company is including as exhibits to this this Amendment No. 1 new certifications of the Company’s principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing, and the Company has not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filing. Accordingly, this Amendment No. 1 should be read in conjunction with the Company’s filings with the SEC subsequent to the date of the Original Filing.

Forward-Looking Statements

In addition to historical information, this Annual Report, contains forward-looking statements regarding future events relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995, the Securities Act of 1933 and the Exchange Act provide safe harbors for forward-looking statements. In order to comply with the terms of these safe harbors, the Company notes that a variety of factors could cause the Company’s actual results and experience to differ materially and adversely from the anticipated results or other expectations expressed in the Company’s forward-looking statements. The risks and uncertainties that may affect the operation, performance, development and results of the Company’s business include, but are not limited to, those matters discussed in the sections of the Original Filing entitled Item 1 - Business, Item 1A - Risk Factors, Item 3 - Legal

Proceedings and Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

The words "believe," "expect," "anticipate," "project," "target," "intend," "plan," "seek," "estimate," "endeavor," "should," "could," and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth trends in our business and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof, except as may be required under applicable law. Readers should carefully review the risk factors described herein and in other documents the Company files from time to time with the SEC.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board Composition; Executive Officers

The Company's Restated Certificate of Incorporation provides that our Board of Directors be divided into three classes, as nearly equal in number as practicable, with the total number of Directors to be fixed from time to time by or pursuant to our bylaws. The Company's Amended and Restated Bylaws provide that the number of directors constituting the Board shall not be fewer than five nor more than eleven, with the number fixed by resolution of the Board. The number of directors currently authorized is eight.

Set forth below is a brief summary of the recent business experience and background of each of our Directors and our executive officers. The Board believes that each Director possesses the qualities and experience that Directors should possess, as such criteria for Board membership has been established by the Board through its Nominating Committee. Also included below is information about each Director's specific experience, qualifications, attributes or skills that led the Board to conclude that he should serve as a Director. As reflected, the Nominating Committee seeks out, and the Board is comprised of, individuals with diverse professional backgrounds, experiences and skills.

Board of Directors

Anthony J. Bruno, 77, has been one of our Directors since February 1, 2008. Since 2007, Mr. Bruno has been a financial consultant providing corporate acquisition advisory services to various companies located in the United States. Prior to 2007, Mr. Bruno was the Vice-President of Finance for 18 years for Besam Entrance Solutions, the United States subsidiary of ASSA ABLOY Entrance Systems, a Swedish Company, managing all aspects of its financial activities in North America. Mr. Bruno also previously served as the Company's Vice President of Finance from 1981 to 1989.

The Board concluded that Mr. Bruno should serve as a Director due to his significant executive management experience with a large, multi-national corporation and his expertise in finance and auditing matters, including financial reporting and corporate acquisitions.

Mr. Bruno serves as a Class I director, with a term expiring at the Company's annual meeting of stockholders in 2020.

Charles E. Dietz, 70, has been one of our Directors since September 2011. Since 2008, Mr. Dietz has been an independent cable industry consultant to various clients within the cable industry. Prior to 2008, Mr. Dietz was Senior Vice President of Engineering for 12 years at Insight Communications, a multiple systems operator, and from 2001 to 2008 served as Insight Communications' Chief Technical Officer. Mr. Dietz was responsible for all technical aspects of Insight Communications' operations, including technology development and implementation, system construction and maintenance, purchasing, and technical regulatory compliance. Mr. Dietz has been a member of the Society of Cable Telecommunications Engineers since 1978, and a member of Cable TV Pioneers since 2010.

The Board concluded that Mr. Dietz should serve as a Director due to his extensive industry knowledge and executive and technical experience in the cable television and communications industry, including the analysis, evaluation, purchase, use and deployment of products, equipment and technology substantially similar to Blonder's. Accordingly, Mr. Dietz brings valuable insight to our customer and vendor relationships and strong relationships with the cable industry to the Board.

Mr. Dietz serves as a Class III director, with a term expiring at the Company's annual meeting of stockholders in 2019.

Stephen K. Necessary, 61, has been one of our Directors since January 2018. From 2015 until December 2017, Mr. Necessary served as Executive Vice President, Product Development and Management at Cox Communications, Inc. ("Cox Communications"), where he directed new development and lifecycle management for all products across residential and business portfolios that generated over \$11 billion in revenue in 2017. Mr. Necessary retired from that position at the end of 2017 and currently maintains a continuing relationship with the company on a part-time consulting basis. From 2005 to 2015, Mr. Necessary served as Vice President, Video Product Development and Management at Cox Communications.

The Board concluded that Mr. Necessary should serve as a Director due to his extensive industry knowledge and executive and technical experience in the cable television and communications industry, including his management experience in directing product development and lifecycle management. Through his career-long experience in the industry served by the company, Mr. Necessary brings valuable insight to the Board regarding customer needs, product development and relationships with the our key customer base.

Mr. Necessary serves as a Class I director, with a term expiring at the Company's annual meeting of stockholders in 2020.

Robert J. Pallé, 72, has been one of our Directors since September, 1993, and has served as our President since May, 2003 and our Chief Executive Officer since May, 2015. Prior to that, Mr. Pallé served as our Chief Operating Officer and Secretary since April, 1989, our Executive Vice President from April, 1989 until May, 2003 and as our Interim Treasurer from March through April, 2001.

The Board concluded that Mr. Pallé should serve as a Director due to his extensive business and management experience with us in various senior management positions and his in-depth knowledge of our products, lines of business, long-term strategies, challenges and opportunities. Mr. Pallé brings a broad perspective to the Board's deliberations due to his position as our Chief Executive Officer.

Mr. Pallé serves as a Class II director, with a term expiring at the Company's annual meeting of stockholders in 2018.

Gary P. Scharmett, 62, has been one of our Directors since December, 1997. Since January, 1989, Mr. Scharmett has been a partner in the law firm of Stradley Ronon Stevens & Young, LLP, our outside counsel, and served on the Board of Directors of that firm from January, 2001 until December, 2003. He presently serves as the Co-Chair of that firm's Finance & Restructuring Practice Group. Mr. Scharmett is a past President, and currently a member of the Board of Directors of The Association of Commercial Finance Attorneys, Inc., and a member of the Board of Directors of the Philadelphia Chapter of the Turnaround Management Association.

The Board concluded that Mr. Scharmett should serve as a Director due to the important experience, judgment and perspective he brings to the Board based upon his thirty-plus years of experience as a corporate attorney representing a diverse range of companies on complex matters, including financing, regulatory and corporate governance matters. In addition, having served as our principal legal advisor since 1989, Mr. Scharmett has a unique understanding of our business and the industry in which we operate and compete.

Mr. Scharmett serves as a Class II director, with a term expiring at the Company's annual meeting of stockholders in 2018.

Steven L. Shea, 59, has been one of our Directors since September, 2009 and was appointed to serve as the Chairman of the Board in May 2015. Mr. Shea has more than twenty-five years of investment banking experience. From November 2013 until February 2017, Mr. Shea served as Special Advisor to Tufton Capital Management, LLC, an SEC registered investment advisor (formerly known as Hardesty Capital Management, LLC). From November 2013 through May 2015, Mr. Shea also served as Chairman of the Executive Committee of Hardesty Capital Management, LLC. From January, 2011 until November, 2013, he served as President of Hardesty Capital Management, LLC and Hardesty Capital Corporation, which provide investment advisory services to corporations, institutions and individuals. Prior thereto, Mr. Shea was an Executive Vice President of Ferris, Baker Watts, Inc. (“**Ferris Baker**”), from 1999 until the sale of such firm in 2008. Mr. Shea also served as the Executive Director of the Capital Markets Division of Ferris Baker and was a member of their Board of Directors and Executive and Strategic Alternative Committees of its Board of Directors. Prior to his position at Ferris Baker, Mr. Shea was a Vice President with Mercantile Safe Deposit and Trust Company from 1989 to 1993, and was a Vice President at Maryland National Bank from 1981 to 1989. Mr. Shea presently serves on the Board of Directors of TradeRiver Finance USA.

The Board concluded that Mr. Shea should serve as a Director due to his extensive financial, merchant banking, capital markets and executive management experience gained as an investment banker, including his knowledge of growth strategies, acquisition analysis and shareholder relations. He also has an in-depth familiarity with the technology and manufacturing sectors, along with experience as a director of other corporations.

Mr. Shea serves as a Class I director, with a term expiring at the Company’s annual meeting of stockholders in 2020.

James F. Williams, 60, has been one of our Directors since September, 1993. Since June 1999, he has served as the Chief Financial Officer and a Director of OSC Holding, Inc. and its subsidiaries, which provide demolition, environmental and civil contracting services primarily in the United States and Canada. From July, 2007 through February 2013, Mr. Williams served as a Director, Managing Member and Vice President of Buffalo City Center Leasing, LLC, which, was a lessor of electronic equipment. Mr. Williams presently serves on the Board of Directors of Affinity Insurance Ltd. and on the Board of Governors of the Park Country Club of Buffalo. Mr. Williams is the nephew of James H. Williams, one of our Directors.

The Board concluded that Mr. Williams should serve as a Director due to his strong experience in strategic planning, leadership, finance and executive management with various organizations. As a Director for over twenty years, Mr. Williams also provides perspective, institutional knowledge and a deep understanding of our business.

Mr. Williams serves as a Class III director, with a term expiring at the Company’s annual meeting of stockholders in 2019.

James H. Williams, 86, has been one of our directors since February 2015. He was also a Director of Blonder from November, 1988 to May 2006, and served as our Chairman of the Board from November, 1988 until November, 1994. From 1995 to 2014, Mr. Williams served as a consultant to us under a written agreement, which agreement was terminated as of December 31, 2014. Mr. Williams is the uncle of James F. Williams, one of our Directors.

The Board concluded that Mr. Williams should serve as a Director due to his in-depth knowledge and understanding of our business, operations and strategies, as well as bringing an important historical perspective of our Company to the Board's deliberations. Through Mr. Williams' years of experience as an entrepreneur and investor in many diverse businesses, he contributes a common sense approach to our Board discussions and deliberations on strategic and business matters.

Mr. Williams serves as a Class III director, with a term expiring at the Company's annual meeting of stockholders in 2019.

Executive Officers

Bruce A. Gureck, 55, has been Executive Vice President and Chief Operating Officer since April 23, 2018. Mr. Gureck served as Chief Technology Officer at Humax from 2016 until he joined the Company, where his responsibilities included defining product direction, developing customer relationships and expansion of that company's presence in existing and new product markets. From 2004 until 2015, Mr. Gureck worked with Pace plc, rising to the level of Chief Product and Strategy Officer, and continued with Arris International plc until 2016, following Arris' 2015 acquisition of Pace.

Eric S. Skolnik, 53, has been a Senior Vice President since May, 2003 and our Chief Financial Officer, Treasurer and Assistant Secretary since May, 2001. Mr. Skolnik served as our Interim Chief Financial Officer from January, 2001 through April, 2001. He was our Corporate Controller from May, 2000 through January, 2001. From 1994 until May, 2000, Mr. Skolnik worked as a certified public accountant with BDO Seidman, LLP.

Allen Horvath, 66, has been our Vice President-Manufacturing since May, 2003 and is responsible for our manufacturing activities. Mr. Horvath served as our Manufacturing Manager from 1998 until May, 2003. Since 1976, Mr. Horvath has served us in various management positions in the areas of production testing, engineering, quality control and manufacturing.

Nezam Nikoo, 54, has been our Vice President-Engineering, Chief Technical Officer since May 2013 and was our Vice President-Digital Technologies from February, 2009 through May 2013. Mr. Nikoo served as our Chief Digital Engineer from July, 2000 until February, 2009 and as our Senior Design Engineer from 1995 until 2008. From 1988 to 1995, Mr. Nikoo held several positions at Lockheed Martin Corporation, including his final position as Lead Electrical Design Engineer, integrating space shuttle payload experiments.

Jeffrey Smith, 54, has been our Vice President-Sales since May, 2011. Mr. Smith served as our Vice President-North American Sales from October 2007 through May 2011, as our National Director of Sales from December 2006 through October 2007, and as our Director of South Central Regional Sales from January 2006 through December 2006. From February 2002 through May 2005, Mr. Smith worked as Director of Commercial Installations at Dish Network®.

Audit Committee

The Board has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) under the Exchange Act and Rule 10A-3 promulgated under the Exchange Act. The Audit Committee is currently comprised of Anthony J. Bruno, Charles E. Dietz, Steven L. Shea, and James F. Williams, each of whom is a non-employee Director. Each of the members of the Audit Committee who served during the 2017 fiscal year was independent, as independence for audit committee members is defined by Rule 10A-3 promulgated under the Exchange Act and NYSE American rules. Mr. Bruno serves the Chairman of the Audit Committee. The Audit Committee, among other things:

oversees our accounting and financial reporting process and audits of our financial statements;

selects, retains or terminates our independent registered public accounting firm;

reviews the plans and results of the audit engagement with the independent registered public accounting firm;

discusses with the independent registered public accounting firm all necessary accounting policies and practices to be used and alternative treatments of financial information discussed with management;

oversees the work of the independent registered public accounting firm;

evaluates and pre-approves audit and non-audit services provided by the independent registered public accounting firm;

reviews the independence of the independent registered public accounting firm;

assures the regular rotation of the audit partners;

considers the range of audit and non-audit fees and determines the compensation of the independent registered public accounting firm;

reviews financial and earnings information released to the public, analysts and other third parties; and

reviews the adequacy of our internal accounting controls.

The Board has determined that a member of the Audit Committee, Anthony J. Bruno, qualifies as an “audit committee financial expert” as defined in Section 407(d)(5)(ii) of Regulation S-K. The Board has adopted a written charter for the Audit Committee. The Audit Committee reviews and reassesses the charter for adequacy on an annual basis. A copy of the Audit Committee Charter is available on the Company’s website at www.blondertongue.com under the “About Us/Investor Relations/Audit Committee Charter” caption.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our Directors and executive officers, and persons who are the beneficial owners of more than ten percent of our Common Stock, to file with the SEC, initial reports of ownership and reports of changes in ownership of Common Stock. Such Directors, executive officers and stockholders (collectively, “Reporting Persons”) are additionally required to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on review of the copies of such reports furnished to us or written representations that no reports were required with respect to fiscal year 2017, we believe that all Section 16(a) filing requirements applicable to Reporting Persons were complied with on a timely basis during 2017.

Code of Ethics

The Company has a Code of Ethics (the “Code”) that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. The Code is available on our website at www.blondertongue.com. We intend to satisfy the disclosure requirements of Form 8-K with respect to any waivers of or amendments to the Code with respect to certain officers by posting such disclosures on our website at www.blondertongue.com. We may, however, elect to disclose any such amendment or waiver in a Current Report on Form 8-K filed with the SEC in addition to or in lieu of the website disclosure. The information on, or that can be accessed through our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings that we make with the SEC.

ITEM 11. EXECUTIVE COMPENSATION Executive Officer Compensation

Summary Compensation Table

The following table summarizes the total compensation paid to or earned by our Chief Executive Officer, our Vice President-Sales and our Vice President-Engineering, Chief Technical Officer for services rendered to us in all capacities for the fiscal years ended December 31, 2017 and 2016.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock and	All Other	Total (\$)
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		Option		Compensation			
		Awards		(\$)			
				(\$)⁽¹⁾			
Robert J. Pallé	2017	\$42,000	(2) \$ -	\$97,430	\$ 22,025	(3) \$161,455	
Chief Executive Officer, President and Secretary	2016	1	-	248,500	38,193	286,693	
Jeffrey Smith	2017	221,702	-	14,085	15,261	(4) 251,048	
Vice President-Sales	2016	198,828	-	15,500	14,060	228,388	
Nezam Nikoo	2017	188,565	-	14,085	14,180	(5) 216,830	
Vice President-Engineering, Chief Technical Officer	2016	182,355	-	31,000	13,565	226,920	

- (1) The amounts in the “Stock and Option Awards” column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 13 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

- (2) Mr. Pallé voluntarily reduced his annual salary to \$196,809 effective February 1, 2015 and then reduced his annual salary to \$1.00 effective as of April 1, 2015, which reduction continued through 2016.

(3) The amounts shown in the “All Other Compensation” column for Mr. Pallé include personal use of a company car, professional fees for tax return preparation and in connection with the loan agreement matters discussed in “Certain Relationships and Related Transactions,” our matching contribution to our 401(k) defined contribution plan for the benefit of Mr. Pallé and the dollar value of life insurance premiums paid by us with respect to life insurance for the benefit of Mr. Pallé, including the supplemental life insurance for the benefit of Mr. Pallé as described below under “Compensation Arrangements.”

The amounts shown in the “All Other Compensation” column for Mr. Smith include personal use of a company car, (4) our matching contribution to our 401(k) defined contribution plan for the benefit of Mr. Smith and the dollar value of life insurance premiums paid by us with respect to life insurance for the benefit of Mr. Smith.

The amounts shown in the “All Other Compensation” column for Mr. Nikoo include personal use of a company car, (5) our matching contribution to our 401(k) defined contribution plan for the benefit of Mr. Nikoo and the dollar value of life insurance premiums paid by us with respect to life insurance for the benefit of Mr. Nikoo.

Outstanding Equity Awards Table

The following table discloses for each named executive officer all shares of our Common Stock underlying unexercised options as of December 31, 2017.

Outstanding Equity Awards At December 31, 2017

Name	Option Awards		Stock Awards		Market Value of Shares or Units of Stock That Have Not Yet
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	

					Vested (#)	Vested (\$)
Robert J. Pallé	50,000	-	\$ 1.925	03/23/2021	157,524	96,090
	50,000	-	\$ 1.050	05/17/2022		
	50,000	-	\$ 1.000	05/17/2023		