

NATURAL HEALTH TRENDS CORP
Form DEF 14A
March 04, 2016

Schedule 14A

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
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement – 2016 Annual Meeting of Stockholders
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

NATURAL HEALTH TRENDS CORP.
(Name of Registrant as Specified In Its 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 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 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
 - Fee paid previously with preliminary materials.
 - 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 fee 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:
-

NATURAL HEALTH TRENDS CORP.
609 DEEP VALLEY DRIVE, SUITE 395
ROLLING HILLS ESTATES, CALIFORNIA 90274

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 7, 2016

To the Stockholders of Natural Health Trends Corp.:

The 2016 annual meeting of stockholders of Natural Health Trends Corp. (the "Company") will be held on April 7, 2016, beginning at 9:00 a.m. local time, at Zürich Marriott Hotel, Neumuehlequai 42, 8006 Zürich, Switzerland. At the meeting, the holders of the Company's outstanding common stock will act on the following matters:

Election of five (5) directors to the Board of Directors of the Company to serve until the next annual meeting of the Company's stockholders;

Approval of the material terms of the Natural Health Trends Corp. Annual Incentive Plan for purposes of qualifying compensation paid pursuant to such plan for deductibility under Section 162(m) of the Internal Revenue Code;

Approval of the material terms of the Natural Health Trends Corp. 2014 Long-Term Incentive Plan for purposes of qualifying compensation paid pursuant to such plan for deductibility under Section 162(m) of the Internal Revenue Code;

Approval of the Natural Health Trends Corp. 2016 Equity Incentive Plan; and

Ratification of the appointment of Lane Gorman Trubitt, PLLC as independent registered public accounting firm for the Company for fiscal year ending December 31, 2016.

All holders of record of shares of the Company's common stock at the close of business on February 22, 2016 are entitled to vote at the meeting and any postponements or adjournments of the meeting.

By Order Of The Board Of Directors,

/s/ Timothy S. Davidson
Timothy S. Davidson
Corporate Secretary,
Senior Vice President
and Chief Financial Officer

March 4, 2016

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE EXERCISE YOUR VOTING RIGHTS. THE PROXY STATEMENT IS FIRST BEING MAILED TO THE COMPANY'S STOCKHOLDERS ON OR ABOUT MARCH 4, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on April 7, 2016: This Notice of Annual Meeting of Stockholders, the proxy statement, the proxy, and the Company's annual report to stockholders are available at <https://materials.proxyvote.com/63888P>. You may also obtain a copy of such documents by calling 1-800-579-1639 or sending on email to sendmaterial@proxyvote.com.

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NATURAL HEALTH TRENDS CORP.
609 Deep Valley Drive, Suite 395
Rolling Hills Estates, California 90274

PROXY STATEMENT

This proxy statement contains information related to the annual meeting of stockholders of Natural Health Trends Corp. (“the Company”) to be held on April 7, 2016 beginning at 9:00 a.m. local time, at Zürich Marriott Hotel, Neumuehlequai 42, 8006 Zürich, Switzerland, and at any postponements or adjournments thereof. This proxy statement is first being made available to stockholders on or about March 4, 2016.

ABOUT THE MEETING

What is the purpose of the meeting?

At the annual meeting, stockholders will act upon the matters outlined in the Notice of Annual Meeting of Stockholders included with this proxy statement.

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on February 22, 2016, the record date for the meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

What are the voting rights of the holders of the Company’s common stock?

Each outstanding share of the Company’s common stock will be entitled to one vote on each matter considered at the meeting. Cumulative voting in the election of directors is prohibited by the Company’s certificate of incorporation.

Who can attend the meeting and where is it being held?

All stockholders as of the record date, or their duly appointed proxies, may attend the meeting. The meeting is being held at the location identified above. To obtain directions to attend the meeting in person, please contact the Company at 310-541-0888.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the stock outstanding on the record date will constitute a quorum, permitting the stockholders to act upon the matters outlined in the Notice of Annual Meeting of Stockholders. As of the record date, 11,692,437 shares of common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least 5,846,219 shares of common stock will be required to establish a quorum.

Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

How do I vote?

- By Mail:** If you complete and properly sign the accompanying form of proxy card and return it to the indicated address, it will be voted as you direct.
- In Person:** If you are a registered stockholder and attend the meeting, you may vote in person at the meeting. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you must obtain a valid legal proxy from your broker, bank or other agent to vote in person at the meeting.
- Via Internet:** Log on to <http://www.proxyvote.com> and follow the on-screen instructions.

Can I change my vote or revoke my proxy?

Yes. You can change your vote or revoke your proxy. If you are a registered stockholder, you may revoke your proxy in any one of four ways.

You may send a written notice that you are revoking your proxy to the Company's Corporate Secretary at Natural Health Trends Corp., 609 Deep Valley Drive, Suite 395, Rolling Hills Estates, 90274, Attention: Timothy S. Davidson.

You may timely grant another proxy via the Internet.

You may submit another properly completed proxy card with a later date.

You may attend the annual meeting and vote in person. Simply attending the annual meeting will not, by itself, revoke your proxy.

Your most current proxy, whether submitted by proxy card, or via the Internet, is the one that is counted.

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by your broker, bank or other agent.

What are the Board of Directors' recommendations?

Unless you give other instructions on your returned proxy, the persons named as proxy holders on the proxy will vote in accordance with the recommendations of the Board of Directors. The Board of Directors' recommendations are set forth together with the description of each item in this proxy statement. In summary, the Board of Directors recommends a vote:

for election of the nominated slate of Directors (see Item One);

for approval of the material terms of the Natural Health Trends Corp. Annual Incentive Plan for purposes of qualifying compensation paid pursuant to such plan for deductibility under Section 162(m) of the Internal Revenue Code (see Item Two);

for approval of the material terms of the Natural Health Trends Corp. 2014 Long-Term Incentive Plan for purposes of qualifying compensation paid pursuant to such plan for deductibility under Section 162(m) of the Internal Revenue Code (see Item Three);

for approval of the Natural Health Trends Corp. 2016 Equity Incentive Plan (see Item Four); and

for ratification of the appointment of Lane Gorman Trubitt, PLLC as Independent registered public accounting firm for the Company for fiscal year ending December 31, 2016 (see Item Five).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

What vote is required to approve each item?

Election of Directors. The affirmative vote of a plurality of the votes cast at the meeting is required for the election of Directors. A properly executed proxy marked "Withhold Authority" with respect to the election of all Directors will not be voted with respect to the Directors, although it will be counted for purposes of determining whether there is a quorum.

Approval of the Material Terms of the Annual Incentive Plan and the 2014 Long-Term Incentive Plan to Allow Compensation Paid Under Such Plans to Qualify for Deductibility Under Section 162(m) of the Internal Revenue Code. For the approval of each of the Company's Annual Incentive Plan (Item Two) and the Company's 2014

Long-Term Incentive Plan (Item Three), the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on each of the items at the annual meeting will be required for approval. A properly executed proxy marked "Abstain" with respect to Items Two and/or Three will not be voted for that Item, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote for such Item.

Broker non-votes will count in determining if a quorum is present at the annual meeting. A broker non-vote occurs if a broker or other nominee attending the annual meeting in person or submitting a proxy does not have discretionary authority to vote on a particular item and has not received voting instructions with respect to that item. Inasmuch as brokers do not have discretionary authority to vote on Items Two and/or Three without voting instructions, broker non-votes will not have any effect upon voting for either such Item.

Approval of the 2016 Equity Incentive Plan. For the approval of the Company's 2016 Equity Incentive Plan (Item Four), the affirmative vote of the holders of a majority of the shares represented in person or by proxy are entitled to vote on the item at

the annual meeting will be required for approval. A properly executed proxy marked “Abstain” with respect to Item Four will not be voted for that Item, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote for such Item.

Broker non-votes will count in determining if a quorum is present at the annual meeting. A broker non-vote occurs if a broker or other nominee attending the annual meeting in person or submitting a proxy does not have discretionary authority to vote on a particular item and has not received voting instructions with respect to that item. Inasmuch as brokers do not have discretionary authority to vote on Item Four without voting instructions, broker non-votes will not have any effect upon voting for Item Four.

Ratification of Independent Registered Public Accounting Firm. For the ratification of the appointment of Lane Gorman Trubitt, PLLC as independent registered public accounting firm for the Company for fiscal year ending December 31, 2016 (Item Five), the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item at the annual meeting will be required for approval. A properly executed proxy marked “Abstain” with respect to Item Five will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote for such item.

What types of expenses will the Company incur?

The expense of preparing, printing and mailing proxy materials, as well as all expenses of soliciting proxies, will be borne by the Company. In addition to the use of the mails, proxies may be solicited by officers and directors and regular employees of the Company, without additional remuneration, by personal interviews, telephone, telegraph or facsimile transmission. The Company may elect to engage a proxy solicitation firm to solicit stockholders to vote or grant a proxy with respect to the proposals contained in this proxy statement. The Company will request brokers, banks, nominees, custodians, fiduciaries and other agents to forward proxy materials to the beneficial owners of shares of common stock held of record and will provide reimbursements for the cost of forwarding the material in accordance with customary charges.

STOCK OWNERSHIP

Who are the owners of the Company’s stock?

The following table shows the amount of the Company’s common stock beneficially owned (unless otherwise indicated) as of February 22, 2016 by (i) each stockholder known to us to be the beneficial owner of more than 5% of the Company’s common stock, (ii) each director or director nominee, (iii) each of the Company’s named executive officers and (iv) all executive officers and directors as a group. Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission and generally includes those persons who have voting or investment power with respect to the securities. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of the Company’s common stock beneficially owned by them.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership ⁽²⁾	Percent of Class ⁽²⁾	
Executive Officers and Directors:			
Chris T. Sharng	428,018 ⁽³⁾	3.7	%
Timothy S. Davidson	213,604 ⁽⁴⁾	1.8	%
George K. Broady	1,071,963 ⁽⁵⁾	9.2	%

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Yiu T. Chan	—	—	
Kin Y. Chung	3,058 ⁽⁶⁾	*	
Randall A. Mason	252,733 ⁽⁷⁾	2.2	%
Christopher R. O'Brien	3,436 ⁽⁶⁾	*	
All executive officers and directors as a group (7 persons)	1,972,812 ⁽⁸⁾	16.9	%
Stockholders Beneficially Owning 5% or More	2,245,128 ⁽⁹⁾	19.2	%
The Jane Eleanor Broady Irrevocable Trust			

* Less than 1% of the Company's outstanding common stock.

- (1) Unless otherwise indicated, the address of each beneficial owner is c/o Natural Health Trends Corp., 609 Deep Valley Drive, Suite 395, Rolling Hills Estates, California 90274.
Any securities not outstanding that are subject to conversion privileges exercisable within 60 days of February 22, 2016 are deemed outstanding for the purpose of computing the percentage of outstanding securities of the class owned by any person holding such securities, but are not deemed outstanding for the purpose of computing the
- (2) percentage of the class owned by any other person in accordance with Item 403 of Regulation S-K promulgated under the Securities Exchange Act of 1934 (as amended, the "Exchange Act") and Rules 13(d)-3 of the Exchange Act, and based upon 11,692,437 shares of common stock outstanding as of February 22, 2016.
- (3) Includes 18,556 shares of restricted stock subject to vesting. Mr. Sharng shares voting and investment power over 2,375 of the shares with his wife.
- (4) Includes 5,634 shares of restricted stock subject to vesting.
- (5) All shares of stock are held by the George K. Broady 2012 Irrevocable Trust, of which Mr. Broady is the trustee and a beneficiary, and includes 1,810 shares of restricted stock subject to vesting.
- (6) Includes 2,038 shares of restricted stock subject to vesting.
- (7) Includes (i) 27,399 shares owned by Marden Rehabilitation Associates, Inc., an entity controlled by Mr. Mason, and (ii) 2,677 shares of restricted stock subject to vesting.
- (8) Includes 32,753 shares of restricted stock subject to vesting.
- (9) Jane Eleanor Broady, the spouse of George K. Broady, is a beneficiary of The Jane Eleanor Broady 2012 Irrevocable Trust.

What is the status of Section 16(a) beneficial ownership reporting compliance?

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent (10%) of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by Securities and Exchange Commission regulation to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on its review of the copies of such reports furnished to the Company during the fiscal year ended December 31, 2015 and thereafter, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were satisfied, except the following:

George K. Broady filed a late Form 4 to report two gifts of shares to The Jane Eleanor Broady 2012 Irrevocable Trust, of which his wife is a beneficiary. The trust and its then-trustees, George V. Broady, John M. Broady and Magdalena Steinbrunner, filed a late Form 3 to report that they became ten percent beneficial owners as a result of that gift. (The trustees are no longer ten percent beneficial owners.) The trust also filed nine late Forms 4 to report a total of 11 transactions; however, Mr. Broady had previously reported all of such transactions on his own Forms 4. In addition, Mr. Broady filed eight late Forms 4 reporting a total of 20 other transactions.

GOVERNANCE OF THE COMPANY

Who are the current members of the Board o