

HARTE HANKS INC
Form PRE 14A
October 20, 2017
Table of Contents

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 x

Filed by a Party other than the Registrant o

Check the appropriate box:

- x Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

HARTE HANKS, INC.

(Name of Registrant as Specified In Its Charter)

Edgar Filing: HARTE HANKS INC - Form PRE 14A

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

Copies to:

Richard B. Aldridge

Justin W. Chairman

Morgan, Lewis & Bockius LLP

Morgan, Lewis & Bockius LLP

1701 Market Street

1701 Market Street

Philadelphia, PA 19103-2921

Philadelphia, PA 19103-2921

(215) 963-4829

(215) 963-5061

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 the transaction applies:
- (2) Aggregate number of securities to which the transaction applies:
- (3) Per unit price or other underlying value of the 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 the 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:

Table of Contents

PRELIMINARY PROXY STATEMENT

SUBJECT TO COMPLETION

In accordance with Rule 14a-6(d) under the Securities Exchange Act of 1934, as amended, please be advised that Harte Hanks, Inc. intends to release definitive copies of proxy materials relating to its upcoming special meeting of stockholders on or about November 2, 2017.

HARTE HANKS, INC.

9601 McAllister Freeway, Suite 610

San Antonio, Texas 78216

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD DECEMBER 14, 2017

As a stockholder of Harte Hanks, Inc., a Delaware corporation, you are hereby given notice of, and invited to attend in person or by proxy, a special meeting of stockholders (including any adjournment thereof, the Special Meeting). The Special Meeting will be held at the Company s office at **2800 Wells Branch Parkway, Austin, Texas 78728 on Thursday, December 14, 2017, at 8:00 a.m. (Central Time)**, for the following purposes:

1. To approve an amendment to the Company s Amended and Restated Certificate of Incorporation to effect (i) a reverse stock split of the Company s issued and outstanding common stock, par value \$1.00 per share (the Common Stock), at a ratio of 1-for-5, 1-for-10 or 1-for-20, such ratio to be determined by the Board of Directors at a later date, and (ii) a reduction in the number of authorized shares of Common Stock by a corresponding ratio (Proposal One);
2. To adjourn the Special Meeting, if necessary or appropriate, to establish a quorum or to permit further solicitation of proxies if there are not sufficient votes at the time of the Special Meeting cast in favor of Proposal One (Proposal Two); and
3. To transact such other business as may properly come before the Special Meeting and any adjournment or postponement thereof.

Edgar Filing: HARTE HANKS INC - Form PRE 14A

The Board of Directors has fixed the close of business on October 20, 2017, as the record date for determining stockholders entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof. Please note that we are requiring a form of personal identification and, for beneficial owners, appropriate proof of ownership of our Common Stock to attend the Special Meeting. For more information, please refer to the enclosed proxy statement.

Your VOTE is important to the future of Harte Hanks and it is important that your shares be represented. Therefore, even if you presently plan to attend the Special Meeting, please vote your shares by promptly completing, signing and returning the enclosed proxy card using the enclosed envelope. The enclosed envelope requires no postage if mailed within the United States. If you wish to vote by telephone or internet, please follow the instructions on your proxy card. Most of our stockholders hold their shares in street name through brokers, banks and other nominees and are required to vote their shares through those other entities by following the instructions on the voter instruction form, or VIF, that they will receive from such entity. If you do attend the Special Meeting and wish to vote in person, you may withdraw your proxy at that time.

The enclosed proxy statement is available on our website at www.hartehanks.com, under the heading Financials & Filings in the Investors section of our website. The proxy statement for the 2016 and 2017 annual meetings of stockholders and our Forms 10-K for the years ended December 31, 2015 and December 31, 2016 are also available on the same section of our website. Additionally, and in accordance with Securities and Exchange Commission (SEC) rules, you may access our proxy statements and Form 10-Ks at www.okapivote.com/hartehanks.

In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. Stockholders who receive future proxy materials by email will save us the cost of printing and mailing documents and will reduce the impact of meetings of stockholders on the environment. A stockholder's election to receive proxy materials by email will remain in effect until the stockholder terminates that election.

Your vote is important. We urge you to review the accompanying materials carefully and to submit your proxy as soon as possible so that your shares will be represented at the Special Meeting.

For questions or assistance, please contact our proxy solicitor: Okapi Partners LLC, toll-free at (877) 869-0171, or via email at info@okapipartners.com.

Thank you for your continued interest and support.

By Order of the Board of Directors,

Robert L. R. Munden
Executive Vice President, General Counsel & Secretary

San Antonio, Texas

November [•], 2017

Edgar Filing: HARTE HANKS INC - Form PRE 14A

Okapi Partners is assisting Harte Hanks with its effort to solicit proxies.

If you have any questions or require assistance in authorizing a proxy

or voting your shares on your proxy card, please contact:

Okapi Partners LLC

(212) 297-0720 or Toll-Free (877) 869-0171

info@okapipartners.com

Table of Contents

PROXY STATEMENT TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	1
<u>Special Meeting Date and Location</u>	1
<u>Delivery of Proxy Materials</u>	1
<u>Voting</u>	1
<u>Special Meeting Admission</u>	3
<u>Solicitation Expenses</u>	3
<u>SECURITY OWNERSHIP OF MANAGEMENT AND PRINCIPAL STOCKHOLDERS</u>	4
<u>PROPOSAL ONE – Amendment of Amended and Restated Certificate of Incorporation</u>	6
<u>Background</u>	6
<u>Reasons for the Reverse Stock Split</u>	6
<u>Reasons for the Decrease in Authorized Shares</u>	7
<u>Board Discretion to Implement Reverse Split Amendments</u>	7
<u>Criteria to be Used for Decision to Effect the Reverse Split Amendments</u>	7
<u>Effects of the Reverse Split Amendments</u>	7
<u>Certain Risks and Potential Disadvantages Associated with the Reverse Split Amendments</u>	8
<u>Effective Date</u>	8
<u>Exchange of Stock Certificates</u>	8
<u>Cash Payment in Lieu of Fractional Shares</u>	9
<u>Discretionary Authority of the Board to Abandon the Reverse Split Amendments</u>	9
<u>No Appraisal Rights</u>	9
<u>Certain Federal Income Tax Consequences</u>	9
<u>Required Vote</u>	11
<u>Board Recommendation on Proposal</u>	11
<u>PROPOSAL TWO – Adjournment of the Special Meeting</u>	11
<u>Adjournment of the Special Meeting</u>	11
<u>Board Recommendation on Proposal</u>	11
<u>OTHER BUSINESS</u>	12
<u>SUBMISSION OF STOCKHOLDER PROPOSALS FOR 2018 ANNUAL MEETING</u>	12
<u>APPENDIX A – Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Harte Hanks, Inc.</u>	

Table of Contents

PRELIMINARY PROXY STATEMENT

SUBJECT TO COMPLETION

HARTE HANKS, INC.

9601 McAllister Freeway, Suite 610

San Antonio, Texas 78216

PROXY STATEMENT

FOR THE SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD DECEMBER 14, 2017

This proxy statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors (the Board) of Harte Hanks, Inc. for use at a special meeting of stockholders (the Special Meeting). In this proxy statement, references to Harte Hanks, the Company, we, us, our and similar expressions refer to Harte Hanks, Inc., unless the context of a particular reference provides otherwise. We refer to various websites in this proxy statement. Neither the Harte Hanks website nor any other website included in this proxy statement is intended to function as a hyperlink, and the information contained on such websites is not a part of this proxy statement.

GENERAL INFORMATION

Special Meeting Date and Location

The Special Meeting will be held on Thursday, December 14, 2017 at 8:00 a.m. (Central Time) at the Company's office at 2800 Wells Branch Parkway, Austin, Texas 78728, or at such other time and place to which the meeting may be adjourned or postponed. References in this proxy statement to the Special Meeting also refer to any adjournments, postponements or changes in location of the Special Meeting, to the extent applicable.

Delivery of Proxy Materials

Mailing Date

The approximate date on which this proxy statement and accompanying proxy are first being sent or given to stockholders is

November [], 2017.

Important Notice Regarding Availability of Proxy Materials for the Special Meeting

We are mailing (or, if applicable, emailing with respect to stockholders who make the request below) all stockholders this Proxy Statement. The proxy statement is also available on our website at www.hartehanks.com, under Annual Reports and Proxies in the Financials & Filings subsection of the Investors section. Additionally, and in accordance with SEC rules, you may access our proxy statement at www.okapivote.com/hartehanks.

Any stockholder may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents and will reduce the impact of meetings of stockholders on the environment. A stockholder's election to receive proxy materials by email will remain in effect until the stockholder terminates that election.

Stockholders Sharing an Address

Registered Stockholders Each registered stockholder (you are a registered stockholder if you own shares in your own name on the books of our transfer agent, Computershare Trust Company, N.A.) will receive one copy of the Notice of Special Meeting (the Notice) per account even if at the same address.

Street-name Stockholders Most banks and brokers are delivering only one copy of the Notice to consenting street-name stockholders (you are a street-name stockholder if you own shares beneficially in the name of a bank, broker or other holder of record on the books of our transfer agent) who share the same address. This procedure reduces printing and distribution costs. Those who wish to receive separate copies may do so by contacting their bank, broker or other nominee, or (if offered) by checking the appropriate box on the voting instruction card sent to them. Similarly, most street-name stockholders who are receiving multiple copies of the Notice at a single address may request that only a single Notice be sent to them in the future by checking the appropriate box on the voting instruction card sent to them or by contacting their bank, broker or other nominee.

Voting

Stockholders Entitled to Vote

The record date for determining the stockholders entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof was the close of business on October 20, 2017, at which time we had issued and outstanding [] shares of common stock, par value \$1.00 per share (Common Stock), which were held by approximately [] holders of

record. Please refer to *Security Ownership of Management and Principal Stockholders* for information about Common Stock beneficially owned by our directors, executive officers and principal stockholders as of the date indicated in such section. Record date stockholders are entitled to one vote for each share of Common Stock owned as of the record date. For a period of at least ten days prior to the Special Meeting, a complete list of stockholders entitled to vote at the Special Meeting will be open to the examination of any stockholder for any purpose germane to the Special Meeting, during ordinary business hours at our corporate headquarters located at 9601 McAllister Freeway, Suite 610, San Antonio, Texas 78216.

Voting of Proxies By Management Proxy Holders

The Board has appointed Messrs. Carlos M. Alvarado (Vice President, Finance & Controller) and Robert L. R. Munden (Executive Vice President, General Counsel & Secretary), each with full powers of substitution and resubstitution, as the management proxy holders for the Special Meeting. Your shares will be voted in accordance with the instructions on the proxy card you submit by mail, or the instructions provided for any proxy submitted by telephone or online, as applicable. For stockholders who have their shares voted by duly submitting a proxy online, by mail or telephone, the management proxy holders will vote all shares represented by such valid proxies as specified by such holder, and if not *specified*, in accordance with the Board's recommendations:

- ***Proposal One (Amendment of Amended and Restated Certificate of Incorporation)*** **FOR** the Amendment of the Amended and Restated Certificate of Incorporation to effect (i) a reverse stock split of the Company's issued and outstanding Common Stock at a ratio of 1-for-5, 1-for-10 or 1-for-20, such ratio to be determined by the Board of Directors at a later date, and (ii) a reduction in the number of authorized shares of Common Stock by a corresponding ratio; and

Table of Contents

- *Proposal Two (Adjournment of Special Meeting)* **FOR** the proposal approving the adjournment of the Special Meeting, if necessary or appropriate, to establish a quorum or to permit further solicitation of proxies if there are not sufficient votes at the time of the Special Meeting cast in favor of Proposal One.

As of the date of printing of this proxy statement, the Board is not aware of any other business to be presented or voted upon at the Special Meeting. Should any other matter requiring a vote of stockholders properly arise, the proxies in the enclosed form confer upon the person or persons entitled to vote the shares represented by such proxies discretionary authority to vote the same in accordance with their discretion.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE **FOR** THE AMENDMENT OF THE COMPANY S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND PROPOSAL APPROVING THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO ESTABLISH A QUORUM OR TO PERMIT FURTHER SOLICITATION OF PROXIES IF THERE ARE NOT SUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING CAST IN FAVOR OF PROPOSAL ONE.

Quorum; Required Votes

The presence at the Special Meeting, in person or by proxy, of holders of a majority of the shares of stock entitled to vote at the Special Meeting is necessary to constitute a quorum for the transaction of business at the Special Meeting. Each vote represented at the Special Meeting in person or by proxy will be counted toward a quorum. Abstentions and broker non-votes (which are described below) are counted as present at the Special Meeting for purposes of determining whether a quorum is present. If a quorum is not present, the Special Meeting may be adjourned or postponed from time to time until a quorum is obtained.

Under the current rules of the New York Stock Exchange (NYSE), brokers holding shares of record for a customer have the discretionary authority to vote on some matters if the brokers do not receive timely instructions from the customer regarding how the customer wants the shares voted. There are also non-discretionary matters for which brokers do not have discretionary authority to vote if they do not receive timely instructions from the customer. When a broker does not have discretion to vote on a particular matter and the customer has not given timely instructions on how the broker should vote, a broker non-vote results. Although any broker non-vote would be counted as present at the Special Meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to non-discretionary matters. Brokers will not have discretionary authority in the absence of timely instructions from their customers for Proposal One, but brokers will have discretionary authority in the absence of timely instructions from their customers for Proposal Two.

- *Proposal One (Amendment of Amended and Restated Certificate of Incorporation)* Approval of the Amendment of the Company s Amended and Restated Certificate of Incorporation requires the approval of a majority of the shares represented in person or by proxy and entitled to vote at the Special Meeting. Abstentions are treated as shares represented in person or by proxy and entitled to vote at the Special Meeting and, therefore, will have the same effect as a vote Against the proposal. Broker non-votes will have no effect on the outcome of the vote.

- *Proposal Two (Adjournment of Special Meeting)* Approval of the proposal approving the adjournment of the Special Meeting, if necessary or appropriate, to establish a quorum or to permit further solicitation of proxies if there are not sufficient votes at the time of the Special Meeting cast in favor of Proposal One, requires the approval of a majority of the shares represented in person or by proxy and entitled to vote at the Special Meeting. Abstentions are treated as shares represented in person or by proxy and entitled to vote at the Special Meeting and, therefore, will have the same effect as a vote Against the proposal. Broker non-votes will have no effect on the outcome of the vote.

Voting Procedures

Registered Stockholders Registered stockholders may vote their shares or submit a proxy to have their shares voted by one of the following methods:

- *By Mail.* You may submit a proxy by signing, dating and returning the enclosed proxy card in the enclosed pre-addressed envelope.
- *By Telephone.* You may submit a proxy by telephone using the toll-free number listed on the enclosed proxy card. Please have your proxy card in hand when you call. Telephone voting facilities will close and no longer be available on the date and time specified on the proxy card.
- *Online.* You may submit a proxy online using the website listed on the enclosed proxy card. Please have your proxy card in hand when you log onto the website. Online voting facilities will close and no longer be available on the date and time specified on the proxy card.

Table of Contents

- *In Person.* You may vote in person at the Special Meeting by completing a ballot; however, attending the Special Meeting without completing a ballot will not count as a vote.

Street-name Stockholders Street-name stockholders may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

- *By Mail.* You may submit a proxy by signing, dating and returning the enclosed proxy card in the enclosed pre-addressed envelope.
- *By Methods Listed on the Proxy Card.* Please refer to the enclosed proxy card or other information forwarded by your bank, broker or other holder of record to determine whether you may submit a proxy by telephone or online, following the instructions on the proxy card or other information provided by the record holder.
- *In Person with a Legal Proxy from the Record Holder.* A street-name stockholder who wishes to vote in person at the Special Meeting will need to obtain a legal proxy from their bank, broker or other nominee. Please consult the voting form or other information sent to you by your bank, broker or other nominee to determine how to obtain a legal proxy in order to vote in person at the Special Meeting.

Revoking Your Proxy

If you are a registered stockholder, you may revoke your proxy at any time before the shares are voted at the Special Meeting by:

- timely delivery of a valid, later-dated executed proxy card;
- timely submitting a proxy with new voting instructions using the telephone or online voting system;
- voting in person at the Special Meeting by completing a ballot; however, attending the Special Meeting without completing a ballot will not revoke any previously submitted proxy; or

- filing an instrument of revocation received by the Secretary of Harte Hanks, Inc. at the Company's office at 9601 McAllister Freeway, Suite 610, by 3:00 p.m., Central Time, on Wednesday, December 13, 2017.

Your latest dated proxy card or telephone or internet proxy will be the one that is counted.

If you are a street-name stockholder and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with that entity's procedures.

Special Meeting Admission

If you wish to attend the Special Meeting in person, you must present a form of personal identification. If you are a beneficial owner of Harte Hanks Common Stock that is held of record by a bank, broker or other nominee, you will also need proof of ownership to be admitted to the Special Meeting. A recent brokerage statement or a letter from your bank or broker are examples of proof of ownership. No cameras, recording equipment, large bags, briefcases or packages will be permitted in the Special Meeting.

Solicitation Expenses

We will bear all costs incurred in the preparing, assembling, mailing and solicitation of proxies by our Board. In addition to solicitation by mail, our directors, officers and employees may solicit proxies personally or by telephone, e-mail, facsimile or other means, without additional compensation. We may also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of shares of Common Stock held by such persons, and we may reimburse these brokerage houses and other custodians, nominees and fiduciaries for reasonable expenses incurred in connection therewith.

Additionally, the Board has retained Okapi Partners LLC, a proxy solicitation firm, who may solicit proxies on the Board's behalf. Okapi Partners expects that approximately 24 of its employees will assist in the solicitation of proxies. We will pay Okapi Partners an estimated fee of \$20,000 plus costs and expenses. In addition, Okapi Partners and certain related persons will be indemnified against certain liabilities arising out of or in connection with the engagement.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT AND PRINCIPAL STOCKHOLDERS**

The following table sets forth the number of shares of our Common Stock beneficially owned by (1) our named executive officers, (2) each current Harte Hanks director, (3) each person known by Harte Hanks to beneficially own more than 5% of the outstanding shares of our Common Stock, and (4) all current Harte Hanks directors and executive officers as a group. Except as otherwise noted, (a) the persons named in the table have sole voting and investment power with respect to all shares beneficially owned by them, and (b) ownership is as of October 20, 2017, when [62,537,577] shares of our Common Stock were outstanding.

Name and Address of Beneficial Owner (1)	Number of Shares of Common Stock	Percent of Class
<i>Named Executive Officers</i>		
Karen A. Puckett (2)	857,334	1.4%
Andrew P. Harrison (3)	232,902	*
Shirish R. Lal (4)	109,768	*
Robert L. R. Munden (5)	304,282	*
Douglas C. Shepard	0	*
<i>Directors</i>		
David L. Copeland (6)	4,731,347	7.6%
William F. Farley (7)	192,590	*
Christopher M. Harte (8)	1,191,105	1.9%
Melvin L. Keating	0	*
Scott C. Key	115,086	*
Judy C. Odom	129,606	*
Karen A. Puckett (2)	857,334	1.4%
Alfred V. Tobia Jr. (9)	1,550,000	2.5%
<i>Other Known 5% Holders</i>		
Houston H. Harte (10)	6,608,179	10.6%
Dimensional Fund Advisors, Inc. (11)	3,9	