

HMG COURTLAND PROPERTIES INC  
Form PRE 14A  
June 25, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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  
 Definitive Additional Materials  
 Soliciting Materials Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

HMG/COURTLAND PROPERTIES, INC.

(Exact Name of Registrant as Specified in its Charter)

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

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

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

(3) Per unit 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 Tule 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.:

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(3) Filing Party:

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(4) Date Filed:

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HMG/COURTLAND PROPERTIES, INC.  
1870 South Bayshore Drive  
Coconut Grove, Florida 33133  
(305) 854-6803

NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD AUGUST 14, 2008

TO THE SHAREHOLDERS:

July 18, 2008

The annual meeting of shareholders of HMG/Courtland Properties, Inc. (the "Company") will be held at 10:30 A.M., on Thursday, August 14, 2008, at the Grove Isle Club and Resort, 4 Grove Isle Drive, Coconut Grove, Florida for the following purposes:

- I. To elect a Board of Directors;
- II. To act upon the renewal of the Advisory Agreement between the Company and HMG Advisory Corp.; and
- III. To transact such other business as may properly come before the meeting.

The record date for determining shareholders entitled to notice of and to vote at the annual meeting is July 18, 2008.

Enclosed is a copy of the Company's Annual Report to Shareholders (Form 10-KSB) for the fiscal year ended December 31, 2007.

It is important, whether or not you plan to attend the meeting in person, that you fill in, sign and date the accompanying proxy and return it promptly in the postage prepaid envelope which is enclosed for your convenience. The signing and mailing of the proxy will not affect your right to vote your shares in person if you attend the meeting and desire to do so.

By Order of the  
Board of Directors

Larry Rothstein  
President and  
Secretary

PROXY STATEMENT  
OF  
HMG/COURTLAND PROPERTIES, INC.

The accompanying proxy is solicited by the Board of Directors for use at the annual meeting of shareholders and is being mailed with this Proxy Statement to all shareholders on or about July 22, 2008. If a proxy card is properly signed and is not revoked by the shareholder, the shares of common stock of the Company (the "Shares") represented thereby will be voted at the meeting in accordance with the instructions, if any, of the shareholder. If no instructions are given, they will be voted for the election of directors nominated by the Board of Directors and for approval of the renewal of the advisory agreement (the "Advisory Agreement") between the Company and HMG Advisory Corp. (the "Adviser"). Any shareholder may revoke his proxy at any time before it is voted by giving written notice of revocation to the Secretary of the Company.

Holders of Shares of record at the close of business on July 18, 2008 are entitled to notice of and to vote at the meeting. On that date, there were 1,023,955 Shares outstanding. Each Share is entitled to one vote on all business of the meeting. The holders of a majority of the outstanding Shares, present in person or represented by proxy, will constitute a quorum at the meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Abstentions are counted in tabulations of the votes cast on proposals presented to shareholders, whereas broker non-votes are not counted for purposes of determining whether a proposal has been approved. As of July 18, 2008, Transco Realty Trust ("Transco"), 1870 South Bayshore Drive, Coconut Grove, Florida 33133, was the beneficial owner of 477,300 Shares, or 47% of the outstanding Shares, and Emanuel Metz, CIBC Oppenheimer Corp., One World Financial Center, 200 Liberty Street, New York, New York 10281, was the beneficial owner of 59,500 Shares, or 6% of the outstanding Shares. Beneficial ownership is based on sole voting and investment power.

The Company has been advised by its officers and nominees for directors, and their affiliated shareholders, Transco, HMG Advisory Corp and subsidiaries ("HMGA") and T.G.I.F. Texas, Inc. ("T.G.I.F.") that they intend to vote for the election of each of the nominees and for the approval of the Advisory Agreement. Such shareholders own in the aggregate 595,130 shares, or 58% of the outstanding Shares. As a result, each of the nominees is expected to be elected as a director and the Advisory Agreement is expected to be approved. As noted below, certain directors of the Company are affiliated with principal shareholders of the Company and are principal shareholders, directors and officers of the Adviser. See "Election of Directors" below for information concerning holders who may be deemed to own beneficially more than 5% of the outstanding Shares.

## ELECTION OF DIRECTORS

The entire Board of Directors will be elected at the annual meeting of shareholders to serve until the next annual meeting of shareholders and until the election and qualification of their successors. In the event any nominee should not continue to be available for election, proxies may be voted for the election of a substitute nominee or the Board of Directors may elect to reduce the number of directors. The Board of Directors has no reason to anticipate that any nominee will not be available for election. All of the nominees have been elected previously by the shareholders.

An affirmative vote by the holders of a majority of the Shares present-in-person-or-by proxy at the Annual Meeting of Shareholders is required for the election of each director.

Set forth below is certain information about each current director, each nominee for director and the Shares held by all directors and executive officers.

## Shares Held as of July 18, 2008

Name, Age, Year First Became a Director or Officer of the Company	Principal Occupation or Employment During the Past Five Years Other than with the Company and Other Information	Shares Owned by the Nominee or Members of His Family <sup>1</sup>	Additional Shares in which the Nominee has, or Participates in, the Voting or Investment Power <sup>2</sup>	Total Shares and Percent of Class <sup>6</sup>
Maurice Wiener 66-1974 Chairman of the Board of Directors, and Chief Executive Officer	Chairman of the Board and Chief Executive Officer of the Adviser; Executive Trustee, Transco Realty Trust; Director, T.G.I.F. Texas, Inc.;	51,100 <sup>4</sup>	541,830 <sup>3</sup>	592,930 53%
Larry Rothstein 55-1983 Director, President, Treasurer and Secretary	Chairman of the Board and Chief Executive Officer of CGI. Director, President, Treasurer and Secretary of Adviser; Trustee and Vice-President of Transco; Director, President, and Secretary of CGI; Vice-President of T.G.I.F. Texas, Inc.	47,900 <sup>4</sup>	541,830 <sup>3</sup>	589,730 52%
Walter G. Arader 89-1977 Director	President, Walter Arader and Associates, inc. (financial and management consultants).	15,400 <sup>4</sup>	0	15,400 1%
Clinton Stuntebeck 69-2004 Director	Partner Emeritus, Schnader Harrison Segal & Lewis, LLP (2004); Chairman, Concordia Holdings, Ltd. (investment and business consulting) Senior Partner, Schnader Harrison Segal & Lewis, LLP.	5,000 <sup>4</sup>	0	5,000 *
Harvey Comita 78-1992 Director	Business Consultant; Trustee, Transco Realty Trust.	10,000 <sup>4</sup>	477,300 <sup>5</sup>	487,300 43%
All Directors and Executive Officers as a Group		157,100 <sup>4</sup>	541,830 <sup>3</sup>	698,930 62%



\* Less than one percent

(1) Unless otherwise indicated, beneficial ownership is based on sole voting and investment power with respect to the Shares.

(2) Shares listed in this column represent Shares held by entities with which the directors or officers are associated. The directors, officers and members of their families have no ownership rights in the Shares listed in this column. See note 3 below.

(3) This number includes the number of Shares held by Transco (477,300 Shares), HMGA (54,530 shares) and T.G.I.F. Texas, Inc. ("T.G.I.F.") (10,000 shares). Several of the directors of the Company are directors, trustees, officers or shareholders of Transco, CGI and T.G.I.F.

(4) This number includes Shares subject to options granted under the 2000 Stock Option Plan as follows: Mr. Wiener, 40,500; Mr. Rothstein, 29,900; 5,000 each to Mr. Arader, Mr. Comita and Mr. Stuntebeck; and 16,700 to two officers. Reference is made to "Compensation of Directors and Executive Officers and Other Transactions" for further information about the 2000 Stock Option Plan.

(5) This number represents the number of Shares held by Transco, of which Mr. Comita is a trustee.

(6) This percentage assumes the exercise of all outstanding options.

For information concerning relationships of certain directors and officers of the Company to the Adviser, see "Approval of Renewal of the Advisory Agreement."

As a result of these relationships, the persons named above may be deemed to share investment power and voting power of Shares held by each firm with which they are associated in conjunction with a number of other persons, including in several cases, persons who are neither directors nor officers of the Company.

#### Meetings of the Board of Directors

The Board of Directors held three meetings during 2007. During this period all of the directors of the Company attended at least 75% of the total number of meetings of the Board and any committee of which they were a member. The Board of Directors encourages director attendance at the Annual Meeting of the Shareholders. All of the members of the Board of Directors attended the 2007 Annual Meeting of the Shareholders.

#### Committees of the Board of Directors

The Board of Directors has an Audit Committee and a Stock Option Committee. The Company does not have a Compensation Committee. Messrs. Arader and Comita serve as members of the Audit Committee. The Audit Committee met five times during 2007.

Messrs. Arader and Comita serve as members of the Stock Option Committee. The committee is authorized to grant options to officers and key employees of the Company. The Stock Option Committee did not meet during 2007.

#### Nominating Committee

The Board of Directors does not have a standing Nominating Committee due to the size of the Board; however, the Company's three independent directors review and make recommendations to the Board regarding the size and composition of the Board, consider and recruit candidates for director nominees based upon recommendations from current outside directors, members of management, outside consultants or search firms, and shareholders; recommends on an annual basis a slate of director nominees for approval by the Board and the shareholders and reviews our committee structure and membership. The independent directors are Messrs. Arader, Comita and Stuntebeck.

All three independent directors are "independent" directors as defined by the current American Stock Exchange listing standards. The Company does not have a Nominating Committee charter.

In evaluating and determining whether to recommend a person as a candidate for election as a director, the three independent directors' criteria reflects the requirements of the American Stock Exchange rules with respect to independence and the following factors: the needs of the Company with respect to the particular talents and experience of its directors, personal and professional integrity of the candidate, level of education and/or business experience, broad-based business acumen, the level of understanding of the Company's business and the income-producing commercial properties industry, strategic thinking and a willingness to share ideas, and diversity of experiences, expertise and background. These directors will use these and other criteria that they deem appropriate to evaluate potential nominees and will not evaluate proposed nominees differently depending upon who has made the recommendation.

The three independent directors will consider proposed nominees whose names are submitted to them by shareholders. They have not adopted a formal process for that consideration because they believe that this informal consideration process will be adequate. The three independent directors intend to review periodically whether a more formal policy should be adopted.

Any shareholder who desires to recommend a nominee for director must submit a letter, addressed to Secretary, HMG/Courtland Properties, Inc., 1870 South Bayshore Drive, Coconut Grove, Florida 33133, and which is clearly identified as a "Director Nominee Recommendation." All recommendation letters must identify the author as a shareholder and provide a brief summary of the candidate's qualifications, as well as contact information for both the candidate and the shareholder. Shareholders who wish to make a recommendation for a nominee to be elected at the Company's 2008 Annual Meeting must submit their recommendation by March 5, 2009, to allow for meaningful consideration and evaluation of the nominees by the three independent directors.



REPORT OF THE AUDIT COMMITTEE

The primary purpose of the Audit Committee is to assist the Board of Directors in monitoring the integrity of our financial statements, our independent auditor's qualifications and independence, the performance of our independent auditors, and our compliance with legal and regulatory requirements. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Board of Directors has determined that each member of the Audit Committee, Messrs. Arader and Comita, is (1) an "audit committee financial expert," as that term is defined in Item 407(d)(5)(i) of Regulation S-K of the Exchange Act, and (2) "independent" as defined by the listing standards of the American Stock Exchange and Section 10A(m)(3) of the Exchange Act. The committee operates pursuant to a charter that was last amended by the Board on June 16, 2003.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors for the Company's 2007 fiscal year, Berenfeld, Spritzer, Schechter & Sheer ("BSSS"), were responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.

In performing its oversight role, the Audit Committee has, among other things covered in its charter, reviewed and discussed the audited financial statements with management and the independent auditors. The committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. The committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No.1, Independence Discussions with Audit Committees, as currently in effect. The committee has also considered whether the provision of non-audit services by the independent auditors is compatible with maintaining the auditors' independence and has discussed with the auditors the auditors' independence.

Based on the reviews, reports and discussions described in this Report, and subject to the limitations on the role and responsibilities of the committee referred to in this Report and in the charter, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not necessarily experts in the fields of accounting or auditing, nor with respect to auditor independence. Members of the committee rely without independent verification on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations, efforts and discussions referred to above do

not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that BSSS is in fact "independent."

Members of  
the Audit  
Committee:  
Walter G.  
Arader  
Harvey  
Comita

#### INDEPENDENT PUBLIC ACCOUNTANTS

BSSS serves as our independent accountants. In performing its oversight role, the Audit Committee reviewed whether to retain BSSS as our independent accounting firm for the 2008 fiscal year as part of its regular process of recommending an independent auditor to the Board of Directors. The committee has recommended to the Board of Directors the selection of BSSS as the Company's independent auditors for 2008, and the Board of Directors has concurred in its recommendation. A representative of BSSS is not expected to be present at the Annual Meeting. The Audit Committee pre-approved all services rendered to the Company by its independent accountants.

The aggregate fees billed by the Company's accounting firm for the years ended December 31, 2007 and December 31, 2006 are as follows:

#### Fees of Accountants

	Aggregate Amount Billed		Share of Total	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Audit Fees, including review of quarterly financial statements	\$103,000	\$86,000	80%	78%
Tax Fees (consists of fees related to tax compliance and planning)	26,000	24,000	20%	22%
Total Fees	\$129,000	\$110,000	100%	100%

#### COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Executive officers receive no cash compensation from the Company in their capacity as executive officers. Executive officers are eligible to receive stock options pursuant to the 2000 Stock Option Plan.

Compensation of Directors. The following table summarizes director's compensation for the year ended December 31, 2007:

Director	Annual Fee	Board Meeting Fee	Committee Meeting Fee	Total Compensation
Maurice Wiener	\$ 14,600	\$ 2,000	\$ -	\$ 16,600
Larry Rothstein	14,600	2,000	3,500	20,100
Walter Arader	11,000	2,000	3,500	16,500
Harvey Comita	11,000	2,000	2,750	15,750
Clinton Stuntebeck	11,000	2,000	2,750	15,750
Totals	\$ 62,200	\$ 10,000	\$ 12,500	\$ 84,700

Annual director's fees are paid at the beginning of each quarter and board and committee meeting fees are paid for each meeting a director attends. Effective April 1, 2007, the annual fee for outside directors was increased from \$8,000 per year to \$12,000 per year and all meeting fees were increased from \$500 per meeting to \$750 per meeting.

#### Outstanding Equity Awards to Executive Officers.

The following table summarizes all outstanding equity awards to the Company's executive officers as of December 31, 2007. These options are all exercisable and there are no unearned options outstanding.

Executive Officer	Number of Options	Exercise Price	Expiration Date
Maurice Wiener	28,500	\$8.33 per share	June 25, 2011
Maurice Wiener	12,000	\$12.25 per share	June 25, 2011
Larry Rothstein	24,900	\$7.57 per share	June 25, 2011
Larry Rothstein	5,000	\$12.10 per share	June 25, 2011

**Stock Options.** In November 2000, the Company's Board of Directors authorized the 2000 Stock Option Plan (the "Plan"), which was approved by the shareholders in June 2001. The Plan, which permits the grant of qualified and non-qualified options expires in 2010, and is intended to provide incentives to the directors and employees (the "employees") of the Company, as well as to enable the Company to obtain and retain the services of such employees. The Plan is administered by a Stock Option Committee (the "Committee") appointed by the Board of Directors. The Committee selects those key officers and employees of the Company to whom options for shares of common stock of the Company shall be granted. The Committee determines the purchase price of shares deliverable upon exercise of an option; such price may not, however, be less than 100% of the fair market value of a share on the date the option is granted. Payment of the purchase price may be made in cash, Company stock, or by delivery of a promissory note, except that the par value of the stock must be paid in cash or Company stock. Shares purchased by delivery of a note must be pledged to the Company. Shares subject to an option may be purchased by the optionee within ten years from the date of the grant of the option. However, options automatically terminate if the optionee's employment with the Company terminates other than by reason of death, disability or retirement. Further, if, within

one year following exercise of any option, an optionee terminates his employment other than by reason of death, disability or retirement, the shares acquired upon exercise of such option must be sold to the Company at a price equal to the lesser of the purchase price of the shares or their fair market value.

On June 25, 2001, options were granted to all officers and directors to purchase an aggregate of 86,000 common shares at no less than 100% of the fair market value at the date of grant. The average exercise price of the options granted in 2001 is \$7.84 per share. The Company's stock price on the date of grant was \$7.57 per share.

There were no options granted or exercised in 2007 and 2006. There were no options forfeited in 2007 and 5,000 options were forfeited in 2006.

**Section 16(a) Beneficial Ownership Reporting Compliance.** Section 16(a) of the Exchange Act requires the Company's directors and executive officers to file with the Securities and Exchange Commission initial reports of beneficial ownership and reports of change in beneficial ownership of the Company's Shares. Such officers and directors are required by SEC regulations to furnish to the Company copies of all Section 16(a) reports that they file. Based solely on a review of the copies of such forms furnished to the Company, or written representations that no other reports were required, the Company believes that during 2007, its officers and directors complied with all applicable Section 16(a) filing requirements.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following discussion describes the organizational structure of the Company's subsidiaries and affiliates.

##### Transco Realty Trust ("Transco")

Transco is a publicly-held 47% shareholder of the Company. Mr. Wiener is the executive trustee and an officer of Transco and holds approximately 27% of Transco's stock. Mr. Rothstein serves as a trustee and an officer of Transco. Mr. Comita serves as a trustee of Transco.

##### HMG Advisory Corp. (the "Adviser")

The day-to-day operations of the Company are handled by the Adviser. Reference is made to "Approval of Advisory Agreement" below for further information about the duties and remuneration of the Adviser. The Adviser is majority-owned by Maurice Wiener, its Chairman and CEO.

In November 2007 Courtland Group, Inc ("CGI") (the former Adviser) was merged into a newly formed and wholly owned subsidiary of the Adviser (HMG Advisory Newco Inc.). Amounts previously due from CGI are now due from HMG Advisory Newco, Inc. and there is no impact to the Company as a result of this merger.

