

Wayside Technology Group, Inc.
Form DEF 14A
April 16, 2015

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:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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WAYSIDE TECHNOLOGY GROUP, INC.
(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

WAYSIDE TECHNOLOGY GROUP, INC.

1157 Shrewsbury Avenue

Shrewsbury, New Jersey 07702

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JUNE 3, 2015

To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the Meeting) of Wayside Technology Group, Inc. (the Company) will be held at the Oyster Point Hotel, 146 Bodman Place, Red Bank, New Jersey 07701, on June 3, 2015 at 10:00 AM, local time, for the following purposes, which are more fully described in the proxy statement:

1. To elect six directors to the Company s Board of Directors, to serve until the next annual meeting of stockholders and until their successors are elected and qualified;
2. To have an advisory vote to approve executive compensation of the Company s Named Executive Officers
3. To ratify the appointment of EisnerAmper LLP as the Company s independent registered public accounting firm for 2015; and
4. To consider and take action upon such other matters as may properly come before the Meeting and any adjournment or postponement thereof.

The close of business on April 6, 2015 has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting and any adjournment or postponement thereof. Commencing 10 days prior to the Meeting, a complete list of stockholders will be open to the examination of any stockholder for any purpose germane to the Meeting, during ordinary business hours, at the Company s headquarters, 1157 Shrewsbury Avenue, Shrewsbury, New Jersey. A complete list of stockholders will also be open to the examination of any stockholder at the Meeting. The transfer books of the Company will not be closed.

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All stockholders are cordially invited to attend the Meeting. Whether or not you expect to attend, you are respectfully requested to fill in, sign, date and return the enclosed proxy promptly in the accompanying envelope, which requires no postage if mailed in the United States.

A copy of the Company's Annual Report for the fiscal year ended December 31, 2014 is enclosed herewith.

By Order of the Board of Directors,

Simon F. Nynens,
Chairman
April 20, 2015

Every stockholder vote is important and we encourage you to vote promptly. To assure that your shares are represented at the annual meeting, please vote your shares by completing, dating and signing the enclosed proxy and mailing it promptly in the postage-paid envelope provided, whether or not you plan to attend the meeting. Instructions regarding submitting a proxy are contained on the proxy card. You may revoke your proxy at any time before it is voted.

WAYSIDE TECHNOLOGY GROUP, INC.

1157 Shrewsbury Avenue

Shrewsbury, New Jersey 07702

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the Board of Directors or the Board) of Wayside Technology Group, Inc. (the Company) of proxies to be voted at the Annual Meeting of Stockholders (the Meeting) to be held at the Oyster Point Hotel, 146 Bodman Place, Red Bank, New Jersey 07701, on June 3, 2015 at 10:00 AM, local time, and at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Any stockholder giving such a proxy may revoke it at any time before it is exercised by written notice to the Corporate Secretary of the Company at the above-stated address or by giving a later dated proxy. Attendance at the Meeting will not have the effect of revoking the proxy unless such written notice is given, or unless the stockholder votes by ballot at the Meeting.

The approximate date on which this proxy statement and the accompanying form of proxy will first be sent or given to the Company's stockholders is April 20, 2015.

VOTING SECURITIES

Only holders of shares of the Company's Common Stock, \$.01 par value per share (Common Stock), of record at the close of business on April 6, 2015 are entitled to vote at the Meeting. On April 6, 2015 (the Record Date), 4,803,904 shares of Common Stock were issued and outstanding. In addition, on that date, 480,596 shares were held in treasury by the Company and deemed issued but not outstanding. Each outstanding share of Common Stock entitles the holder thereof to one vote upon all matters to be acted upon at the Meeting. The presence in person or by proxy of holders of a majority in interest of the outstanding shares of Common Stock entitled to vote at the Meeting shall constitute a quorum. The affirmative vote of a plurality of the shares of Common Stock present in person or represented by proxy entitled to vote at the Meeting is necessary to elect the nominees for election as Directors. Accordingly, shares not voted in the election of Directors (including shares covered by a proxy as to which authority is withheld to vote for all nominees) and shares not voted for any particular nominee (including shares covered by a proxy as to which authority is withheld to vote for only one or less than all of the identified nominees) will not prevent the election of any of the nominees for Director. To approve the advisory vote on the compensation of the Company's Named Executive Officers and to ratify the appointment of EisnerAmper LLP as the Company's independent registered public accounting firm for 2015, and for all other matters, if any, submitted to stockholders at the Meeting, if a quorum is present, the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the Meeting and entitled to vote is required for approval. As a result, abstention votes will have the effect of a vote against such matters. Abstentions and broker non-votes with respect to approval of the advisory vote on the compensation of the Company's Named Executive Officers and the ratification of the appointment of EisnerAmper LLP as the Company's independent registered public accounting firm for 2015 are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Meeting. Broker non-votes are not counted for any purpose in determining whether a matter has been approved.

If the enclosed proxy is properly executed and returned, the Common Stock represented thereby will be voted in accordance with the instructions thereon. If no instructions are indicated, the Common Stock represented thereby will be voted FOR the election of each of the nominees set forth under the caption Election of Directors, FOR the approval of the compensation of the Company's Named Executive Officers and FOR the ratification of the Company's independent registered public accounting firm and, in the discretion of the persons named in the proxies as proxy appointees, as to any other matter that may properly come before the Meeting.

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Your vote is important. Accordingly, you are urged to fill in, sign, date and return the accompanying proxy card whether or not you plan to attend the Meeting. If you do attend, you may vote by ballot at the Meeting, thereby canceling any proxy previously given.

CORPORATE GOVERNANCE

Role of the Board of Directors

In accordance with the General Corporation Law of the State of Delaware and our certificate of incorporation and bylaws, our business, property and affairs are managed under the direction of the Board of Directors. Although our non-employee Directors are not involved in our day-to-day operating details, they are kept informed of our business through written reports and documents provided to them regularly, as well as by operating, financial and other reports presented by our officers at meetings of the Board of Directors and committees of the Board of Directors.

Board Leadership Structure

Simon F. Nynens is currently the Chairman of our Board of Directors and our President and Chief Executive Officer. Our Board believes that this leadership structure provides the most efficient and effective leadership model for our Company by enhancing the ability of the Chairman and Chief Executive Officer to provide clear insight and direction of business strategies and plans to both the Board of Directors and management. The Board of Directors believes that it can most effectively perform its monitoring and oversight role by acting as a unified whole, with the Chairman also being a member of the management team, and that the advantages of having a CEO Chairman with extensive knowledge of our company (as compared to a relatively less informed independent Chairman) outweigh potential disadvantages.

In light of the continued growth of the business and the important strategic determinations undertaken by the Board of Directors, on October 29, 2014, the Board, recognizing that the Company's Chairman, President and Chief Executive Officer roles are unified and filled by Simon Nynens, decided to name a Lead Director from among its independent directors and to clearly define the Lead Director's role and responsibilities. The Board named F. Duffield Meyercord as its Lead Director. The Board believes that this action is consistent with best corporate practices, enhancing both transparency of Board actions and Board Independence. The duties and responsibilities of our Lead Director include: [(i) chairing Board meetings when the Chairman is not present, including presiding at all executive sessions of the Board (without management present) at every regularly scheduled Board meeting; (ii) consulting with the Chairman on such other matters as are pertinent to the Board and the Company; (iii) working with management to determine the information and materials provided to Board members; (iv) approving Board meeting schedules, agenda and other information provided to the Board; (v) having the authority to call meetings of the independent directors; (vi) serving as principal liaison between the independent directors and the Chairman and between the independent directors and senior management; and (vii) being available for direct communication and consultation with stockholders upon request.]

Another key component of our leadership structure is our strong governance practices designed to ensure that the Board of Directors effectively carries out its responsibility for the oversight of management. The majority of our directors are independent, and all Board committees are comprised entirely of independent directors. Our independent directors meet at each Board meeting in regularly scheduled executive sessions (not less than twice per year) and may schedule additional executive sessions as appropriate. Members of management do not attend these executive sessions. The Board has full access to the management team at all times. In addition, the Board or any committee thereof may retain, on such terms as determined by the Board or such committee, as applicable, in its sole discretion, independent legal, financial and other consultants and advisors to assist the Board or committee, as applicable, in discharging its oversight responsibilities.

Board Oversight of Risk Management

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Our Board believes that overseeing how management manages the various risks we face is one of its most important responsibilities to the Company's stakeholders. The Board believes that, in light of the interrelated nature of the Company's risks, oversight of risk management is the responsibility of the full Board. In carrying out this critical responsibility, the Board meets at least annually with key members of management with primary responsibility for management of risk in their respective areas of responsibility.

Meetings of the Board of Directors

The Board of Directors met six times in 2014. Each of the Directors attended at least 75% of all meetings held by the Board of Directors and meetings of each committee of the Board of Directors on which such Director served during 2014.

Communication with the Board of Directors; Director Attendance at Annual Meetings

Stockholders may communicate with a member or members of the Board of Directors by addressing their correspondence to the Board member or members c/o the Corporate Secretary, Wayside Technology Group, Inc., 1157 Shrewsbury Avenue, Shrewsbury, NJ 07702. Our Corporate Secretary will review the correspondence and forward it to the chair of the appropriate committee or to any individual Director or Directors to whom the communication is directed, unless the communication is unduly hostile, threatening and illegal, does not reasonably relate to Wayside Technology Group, Inc., or our business, or is similarly inappropriate. Our Corporate Secretary has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

Recognizing that Director attendance at our annual meetings can provide our stockholders with a valuable opportunity to communicate with Board members about issues affecting our Company, we encourage our Directors to attend each annual meeting of stockholders. All Board members attended last year's annual meeting of stockholders.

Director Independence

The Board of Directors has determined that the following Directors are independent under the NASDAQ listing standards: Messrs. Boyer, DeWindt, Faith, Meyercord and Weingarten.

Committees of the Board of Directors

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

Audit Committee. The Board of Directors has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Audit Committee: (i) monitors the integrity of the Company's financial statements, financial reporting process and internal controls regarding finance, accounting and legal compliance; monitors the independence and performance of our independent registered public accounting firm; (ii) provides an avenue of communication among the independent registered public accounting firm, management (including internal audit) and our Board of Directors; and (iii) monitors significant litigation and financial risk exposure. The current members of the Audit Committee are Messrs. Weingarten (Chairman), Meyercord and Faith, each of whom is independent as defined by the NASDAQ listing standards and applicable SEC rules. The Board of Directors has determined that Mr. Weingarten meets the criteria as an audit committee financial expert as defined in applicable SEC rules. The Audit Committee met six times during 2014.

The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the charter is available on our website at http://www.waysidetechnology.com/content.aspx?name=content_auditcharter in the Corporate Governance relations section. The report of the Audit Committee is on page 24 of this proxy statement.

Compensation Committee. The Board of Directors has a Compensation Committee which: (i) reviews and monitors matters related to management development and succession; (ii) develops and implements executive compensation policies and pay for performance criteria for the Company; (iii) reviews and approves the initial and annual base salaries, annual incentive bonus and all long-term incentive awards of our Chief Executive Officer; (iv) reviews and approves such compensation arrangements for all executive officers and certain other key employees; (v) approves stock-related incentives under our stock incentive and executive compensation plans, and exercises all powers of the Board of Directors under those plans other than the power to amend or terminate those plans and other than with respect to non-employee directors, which determinations are subject to Board approval; (vi) reviews and approves material matters concerning our employee compensation and benefit plans; and (vii) carries out such responsibilities as have been delegated to it under various compensation and benefit plans and such other responsibilities with respect to our compensation matters as may be referred to it by our Board of Directors or management. Under its charter, the Compensation Committee may form and delegate authority to subcommittees or, to the extent permitted under applicable laws, regulations and NASDAQ rules, to any other independent director, in each case to the extent the Compensation Committee deems necessary or appropriate. The Compensation Committee has the right to consult with or obtain input from management but, except as expressly provided in its charter, may not delegate any of its responsibilities to management. The current members of the Compensation Committee are Messrs. Meyercord (Chairman), Faith and DeWindt, each of whom is independent as defined by the NASDAQ listing standards. The Compensation Committee met two times during 2014.

The Compensation Committee operates under a written charter adopted by the Board of Directors, a copy of which is available on our website at http://www.waysidetechnology.com/content.aspx?name=content_compcharter in the Corporate Governance section. The report of the Compensation Committee is on page 24 of this proxy statement.

Nominating and Governance Committee. The Board of Directors has a Nominating and Governance Committee which identifies individuals qualified to become Board members and recommends to the Board director nominees for election at the next Annual Meeting of Stockholders. Currently, the members of the Nominating and Governance Committee are Messrs. Boyer (Chairman), Faith and DeWindt, each of whom is independent as defined by the NASDAQ listing standards. The Nominating and Governance Committee met twice during 2014. The Nominating and Governance Committee operates under a written charter adopted by the Board of Directors. The Nominating and Governance Committee charter is available in the Corporate Governance section of our website at http://www.waysidetechnology.com/content.aspx?name=content_nomincharter.

Director Nominations

The Nominating and Governance Committee will consider recommendations for directorships submitted by our stockholders. Stockholders who wish the Nominating and Governance Committee to consider their recommendations for nominees for the position of Director should submit their recommendations, in accordance with the procedures set forth below, in writing to: Corporate Secretary, Wayside Technology Group, Inc., 1157 Shrewsbury Avenue, Shrewsbury, NJ 07702. In order to be considered for inclusion in the proxy statement and form of proxy for the annual meeting of stockholders to be held in 2016, the stockholder's notice must be received by our Company not less than 120 days or more than 150 days before the first anniversary of the date of this proxy statement.

For nominations, such stockholder's notice shall set forth as to each person whom the stockholder proposes to nominate for election as a Director: (A) the name, age, business address and residential address of such person; (B) the principal occupation or employment of such person; (C) the class and number of shares of stock of our Company that are beneficially owned by such person; (D) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors or is otherwise required by the rules and regulations of the SEC promulgated under the Exchange Act; and (E) the written consent of the nominee to be named in the proxy statement as a nominee and to serve as a Director if elected. In addition, as to the stockholder giving the notice, such notice shall state: (A) the name, business address, and residential address, as they appear on our stock transfer books, of the nominating stockholder; (B) a representation that the nominating stockholder is a stockholder of record and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (C) the class and number of shares of stock of our Company beneficially owned by the nominating stockholder; and (D) a description of all arrangements or understandings between the nominating stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the nominating stockholder.

In its assessment of each potential candidate, the Nominating and Governance Committee will review the nominee's professional ethics, integrity and values, skills, judgment, experience, independence, commitment to representing the long-term interests of the stockholders, understanding of our Company's or other related industries and such other factors as the Nominating and Governance Committee determines are pertinent in light of the current needs of the Board of Directors. The Nominating and Governance Committee seeks to identify candidates representing diverse experiences at policy-making levels in business, management, marketing, finance, human resources, communications and in other areas that are relevant to our activities. The Nominating and Governance Committee will also take into account the ability of a Director to devote the time and effort necessary to fulfill his or her responsibilities to our Company. After full consideration, the stockholder proponent will be notified of the decision of the Nominating and Governance Committee.

Nominees may also be recommended by Directors, members of management, or, in some cases, by a third party firm. In identifying and considering candidates for nomination to the Board, the Nominating and Governance Committee considers, in addition to the requirements

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described above and set out in its charter, quality of experience, our needs and the range of knowledge, experience and diversity represented on the Board. Each Director candidate will be evaluated by the Nominating and Governance Committee based on the same criteria and in the same manner, regardless of whether the candidate was recommended by a Company stockholder or by others. The Nominating and Governance Committee will conduct the appropriate and necessary inquiries with respect to the backgrounds and qualifications of all Director nominees. The Nominating and Governance Committee will also review the independence of each candidate and other qualifications of all Director candidates, as well as consider questions of possible conflicts of interest between Director nominees and our Company.

After the Nominating and Governance Committee has completed its review of a nominee's qualifications and conducted the appropriate inquiries, the Nominating and Governance Committee will make a determination whether to recommend the nominee for approval by the Board of Directors. If the Nominating and Governance Committee decides to recommend the director nominee for nomination by the Board of Directors and such recommendation is accepted by the Board, the form of our proxy solicited will include the name of the director nominee.

Director Compensation and Arrangements

The following table sets forth information regarding the compensation earned by or awarded to each Director who is not a Named Executive Officer who served on the Company's Board of Directors for the fiscal year ended December 31, 2014.

Name	Fees Earned or Paid In Cash (\$)	Stock Awards (\$ (1))	All Other Compensation (\$ (2))	Total (\$)
Mark T. Boyer (3)	32,500	14,267	1,640	48,407
F. Duffield Meyercord (4)	48,500	19,768	2,436	70,704
Edwin H. Morgens (5)(10)	12,000	29,213	102	41,315
Allan D. Weingarten (6)	47,500	14,267	1,640	63,407
William Willett (7)(10)	14,000	29,213	102	43,315
Mike Faith (8)	36,500	15,919	2,116	54,535
Steve DeWindt (9)	31,500	10,839	1,538	43,877

(1) The amount included in Stock Awards is the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 (formerly FAS 123R).

(2) The amount included in All Other Compensation represents dividends that the Company paid to the directors in 2014 on the unvested portion of their Restricted Common Stock (Restricted Stock) awards.

(3) At December 31, 2014, Mr. Boyer had 4,368 shares of unvested Restricted Stock and 3,000 options outstanding pursuant to the 1995 Director Plan (defined below).

(4) At December 31, 2014, Mr. Meyercord had 9,048 shares of unvested Restricted Stock and 3,000 options outstanding pursuant to the 1995 Director Plan.

(5) At December 31, 2014, Mr. Morgens had 3,000 options outstanding pursuant to the 1995 Director Plan.

(6) At December 31, 2014, Mr. Weingarten had 4,368 shares of unvested Restricted Stock outstanding.

- (7) At December 31, 2014, Mr. Willett had 14,320 options outstanding pursuant to the 1995 Stock Plan.

- (8) At December 31, 2014, Mr. Faith had 5,068 shares of unvested Restricted Stock outstanding.

- (9) At December 31, 2014, Mr. DeWindt had 4,368 shares of unvested Restricted Stock outstanding

- (10) Messrs. Morgens and Willet were not nominees for election to the Board at the June 2014 annual meeting of stockholders. Accordingly, the amounts shown represent such amounts paid through June 2014.

Each outside Director (i.e. non-employee) received \$4,000 per quarter for serving on the Board until June 2014, when such amount was increased to \$6,000 per quarter (except for the Lead Director who receives \$12,000 per quarter), an additional \$2,500 per meeting of the Board of Directors, and \$1,000 per committee meeting, as well as reimbursement for reasonable expenses incurred in connection with service as a Director. The Chair of the Audit Committee receives an annual fee of \$10,000. The Chair of the Compensation Committee receives an annual fee of \$5,000. The Directors that are our employees receive no fees for serving on the Board of Directors.

Code of Business Conduct and Ethics

In January 2004, we adopted a Code of Ethical Conduct. The full text of the Code of Ethical Conduct, which applies to all employees, officers and directors of the Company, including our Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer is available at our web site, http://www.waysidetechnology.com/content.aspx?name=content_ethics. The Company endeavors to disclose any amendment to, or waiver from, a provision of the Code of Ethical Conduct that applies to our Chief Executive Officer, Chief Financial Officer or Controller on our investor relations web site.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Common Stock as of April 6, 2015 by (i) each person who, to the knowledge of the Company, beneficially owns more than 5% of the outstanding Common Stock of the Company, (ii) each of the Directors (including the nominees for Director), (iii) the Company’s Chief Executive Officer during 2014 (including each person serving as the Company’s principal executive officer during any part of 2014), the Company’s principal financial officer during 2014 (including each person serving as the Company’s principal financial officer during any part of 2014) and each of the three other most highly compensated executive officers of the Company who were serving as such as of December 31, 2014 (collectively, the Named Executive Officers), and (iv) all Directors and executive officers of the Company as a group. Except as indicated, each person listed below has sole voting and investment power with respect to the shares set forth opposite such person’s name.

Name	Number of Shares Beneficially Owned	Percent
<u>Directors (including all nominees) and Named Executive Officers</u>		
Mark T. Boyer (1)	410,293	8.5%
Simon F. Nynens (2)	261,350	5.4%
F. Duffield Meyercord (3)	95,875	2.0%
Vito Legrottaglie (4)	31,571	*
Allan D. Weingarten (5)	29,560	*
Richard J. Bevis (6)	25,821	*
William Botti (7)	20,617	*
Mike Faith (8)	10,000	*
Kevin Scull (9)	8,317	*
Steve DeWindt (10)	5,000	*
Thomas J. Flaherty (11)	4,536	*
All Directors and executive officers as a group (11 persons) (12)	902,940	18.8