

COMMAND SECURITY CORP
Form PREM14A
October 05, 2018

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**

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 Material Pursuant to §240.14a-12

COMMAND SECURITY CORPORATION

(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:

Common stock,
par value
\$0.0001 per
share, of
Command
Security
Corporation

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

As of
September 28,
2018, there
were
outstanding: (1)
10,134,662

shares of
common stock;
(2) 1,282,200
shares of
common stock
issuable
pursuant to
outstanding
options with
exercise prices
below the per
share merger
consideration
of \$2.85; and
(3) 363,999
shares of
common stock
underlying
restricted stock
units.

(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):

In accordance
with Exchange
Act Rule
0-11(c), the
filing fee of
\$3,780.30 was
determined by
multiplying
0.0001212 by
the aggregate
merger
consideration

of
\$31,190,561.85.
The aggregate
merger
consideration
was calculated
based on the
sum of: (a) the
product of
10,134,662
shares of
common stock
and the per
share merger
consideration
of \$2.85; (b)
the product of
(i) 1,597,200
shares of
common stock
issuable
pursuant to
outstanding
options with
exercise prices
below the per
share merger
consideration
of \$2.85 (which
include
unvested
options that
will vest in the
merger) and (ii)
the difference
between \$2.85
and \$1.86, the
weighted
average
exercise price
of such options;
and (c) the
product of
363,999 shares
of common
stock
underlying
restricted stock
units that will
vest in the
merger and the

per share
merger
consideration
of \$2.85.

(4) Proposed
maximum
aggregate value
of transaction:

\$31,190,561.85

(5) Total fee paid:

\$3,780.30

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:

Date Filed:

(4)

PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION

COMMAND SECURITY CORPORATION

512 Herndon Parkway, Suite A

Herndon, VA 20170

[], 2018

Dear Fellow Shareholder:

On September 18, 2018, Command Security Corporation (which we refer to as “Command,” “we,” “us” or “our”), Prosegur SIS (USA) Inc. (which we refer to as “Parent”) and its wholly owned subsidiary, Crescent Merger Sub, Inc. (which we refer to as “Merger Sub”), entered into a merger agreement pursuant to which Parent will acquire Command in a merger of Merger Sub with and into Command, with Command surviving as a wholly owned subsidiary of Parent (which we refer to as the “merger”). In connection with the merger, Command is calling a special meeting of its shareholders on [], 2018, at [], Eastern Time, to enable Command’s shareholders to consider and vote on a proposal to approve the merger agreement and certain other related matters. The special meeting is scheduled to be held online, and you can vote your shares electronically by visiting [www.virtualshareholdermeeting.com/\[\]](http://www.virtualshareholdermeeting.com/[]) (you will need the 12-digit control number included on your proxy card to enter the meeting).

Upon completion of the merger, each Command shareholder will receive, for each share of Command common stock, par value \$0.0001 per share, owned as of immediately prior to the merger, \$2.85 in cash. At a meeting on September 16, 2018, the board of directors of Command unanimously determined that the merger agreement and the merger are advisable, fair to, and in the best interests of, Command and its shareholders, and has authorized, approved and adopted the merger agreement and the transactions contemplated by the merger agreement. **Our board of directors recommends that the Command shareholders vote “FOR” the approval of the merger agreement.**

Concurrently with the execution of the merger agreement, Parent entered into a voting agreement (which we refer to as the “voting agreement”) with Craig P. Coy, Thomas P. Kikis, Wax Asset Management, LLC, Norman H. Pessin, Sandra F. Pessin and Brian L. Pessin, who, as of the date of the voting agreement, collectively beneficially owned 6,154,468 shares of Command common stock, or approximately 60.7% of the outstanding shares of Command common stock. The voting agreement generally requires the shareholders party to the voting agreement to, among other things, vote their shares of Command common stock in favor of the proposal to approve the merger agreement and certain related matters, as applicable, and against alternative transactions.

Your vote is very important. The merger cannot be completed unless holders of two-thirds of the outstanding shares of Command common stock entitled to vote on the proposal at the special meeting vote in favor of the approval of the merger agreement. If you fail to vote on the approval of the merger agreement, the effect will be the same as a vote “AGAINST” the approval of the merger agreement. Whether or not you plan to attend the special meeting, we urge you to read our proxy statement and vote.

If your shares of Command common stock are held in “street name” by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of Command common stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of Command common stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. **The failure to instruct your bank, brokerage firm or other nominee to vote your shares of Command common stock “FOR” the proposal to adopt the merger agreement will have the same effect as voting “AGAINST” the proposal to adopt the merger agreement.**

The accompanying proxy statement provides you with more detailed information about the special meeting, the merger agreement and the transactions contemplated thereby, including the merger, as well as the voting agreement. Copies of the merger agreement and the voting agreement are attached as Annex A and Annex B, respectively, to the proxy statement. We encourage you to carefully read the entire proxy statement and its annexes, including the merger agreement, the voting agreement and the documents referred to or incorporated by reference in this proxy statement. You may also obtain additional information about Command from other documents we have filed with the Securities and Exchange Commission. At the special meeting, we will also respond to your questions.

If you have any questions or need assistance voting your shares of Command common stock, please contact Command Security Corporation, Attention: Investor Relations, 512 Herndon Parkway, Suite A, Herndon, Virginia 20170, telephone: (703) 464-4735.

Thank you in advance for your cooperation and continued support.

Sincerely,

Craig P. Coy

Chief Executive Officer

The accompanying proxy statement is dated [], 2018, and is first being mailed to Command’s shareholders on or about [], 2018.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying document or determined that the accompanying document is accurate or complete. Any representation to the contrary is a criminal offense.

PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2018

WHAT: The Special Meeting of Shareholders (which we refer to as the “special meeting”) of Command Security Corporation, a New York corporation (which we refer to as “Command,” “we,” “us” or “our”).

WHEN: [] Eastern Time, on [], 2018

WHERE: You will be able to attend the special meeting online, and you can vote your shares electronically by visiting www.virtualshareholdermeeting.com/[]. You will need the 12-digit control number included on your proxy card to enter the meeting.

ITEMS OF BUSINESS:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of September 18, 2018 (which we refer to as the “merger agreement”), by and among Command, Prosegur SIS (USA) Inc. (which we refer to as “Parent”) and its wholly owned subsidiary, Crescent Merger Sub, Inc. (which we refer to as “Merger Sub”), pursuant to which, among other things, Merger Sub will be merged with and into Command, with Command surviving the merger as a wholly owned subsidiary of Parent (which we refer to as the “merger”);
2. To consider and cast an advisory (non-binding) vote on specified compensation that may be received by Command’s named executive officers in connection with the merger;
3. To consider and vote on any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve the merger agreement; and
4. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

WHO MAY VOTE: You may vote if you are a shareholder of record as of the close of business on [], 2018.

DATE OF MAILING OR AVAILABILITY: This Notice of Special Meeting of Shareholders and this proxy statement will first be mailed to shareholders on or about [], 2018.

Your vote is very important. The merger cannot be completed unless holders of two-thirds of the outstanding shares of Command common stock entitled to vote on the proposal at the special meeting vote in favor of the approval of the merger agreement. If you fail to vote on the approval of the merger agreement, the effect will be the same as a vote “AGAINST” the approval of the merger agreement. Whether or not you plan to attend the special meeting online, please vote electronically or by telephone or, if you have received a paper copy of the proxy, please sign and date the enclosed proxy card and return it promptly.

If your shares of Command common stock are held in “street name” by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of Command common stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of Command common stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. **The failure to instruct your bank, brokerage firm or other nominee to vote your shares of Command common stock “FOR” the proposal to adopt the merger agreement will have the same effect as voting “AGAINST” the proposal to adopt the merger agreement.**

Concurrently with the execution of the merger agreement, Parent entered into a voting agreement with Craig P. Coy, Thomas P. Kikis, Wax Asset Management, LLC, Norman H. Pessin, Sandra F. Pessin and Brian L. Pessin, who, as of the date of the voting agreement, collectively beneficially owned 6,154,468 shares of Command common stock, or approximately 60.7% of the outstanding shares of Command common stock. The voting agreement generally requires the shareholders party to the voting agreement to, among other things, vote their shares of Command common stock in favor of the proposal to approve the merger agreement and certain related matters, as applicable, and against alternative transactions.

The Command board of directors has unanimously determined that the merger is advisable, fair to, and in the best interests of, Command and its shareholders, and has authorized, approved and adopted the merger agreement and the transactions contemplated by the merger agreement and recommends that the Command shareholders vote “FOR” the approval of the merger agreement.

The Command board of directors recommends that the Command shareholders vote:

1. “**FOR**” the proposal to approve the merger agreement;
2. “**FOR**” the proposal to approve, on an advisory (non-binding) basis, specified compensation that may be received by Command’s named executive officers in connection with the merger; and
3. “**FOR**” any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve the merger agreement.

The accompanying proxy statement provides a detailed description of the merger and the merger agreement. We urge you to read the accompanying proxy statement, including any documents incorporated by reference, and the annexes carefully and in their entirety. If you have any questions concerning the merger agreement, the merger or the proxy statement of which this notice forms a part, would like additional copies of the proxy statement or need help voting your shares of Command common stock, please contact Command Security Corporation, Attention: Investor Relations, 512 Herndon Parkway, Suite A, Herndon, Virginia 20170, telephone: (703) 464-4735.

By Order of the Board of Directors

Craig P. Coy
Chief Executive Officer
Herndon, Virginia

[], 2018

TABLE OF CONTENTS

	Page
<u>SUMMARY</u>	1
<u>Information About Command and the Other Parties to the Merger</u>	1
<u>The Merger</u>	1
<u>Merger Consideration</u>	1
<u>Treatment of Command Equity Awards</u>	2
<u>Special Meeting of Command Shareholders</u>	2
<u>Command Reasons for the Merger: Recommendation of the Command Board of Directors</u>	3
<u>Opinion of Command’s Financial Advisor</u>	3
<u>Interests of Command’s Directors and Executive Officers in the Merger</u>	3
<u>No Appraisal Rights</u>	4
<u>Delisting and Deregistration of Command Common Stock After the Transactions</u>	4
<u>Conditions to the Completion of the Merger</u>	4
<u>Non-Solicitation by Command</u>	4
<u>Termination of the Merger Agreement</u>	5
<u>Expenses and Termination Fee</u>	5
<u>Material U.S. Federal Income Tax Considerations</u>	6
<u>Expected Timing of the Merger</u>	6
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING</u>	7
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	13
<u>Information About the Parties to the Merger</u>	14
<u>THE MERGER (PROPOSAL 1)</u>	15
<u>General</u>	15
<u>Background of the Merger</u>	15
<u>Reasons for the Merger and Recommendation of Command’s Board of Directors</u>	19
<u>Opinion of Command’s Financial Advisor</u>	22
<u>Certain Financial Projections</u>	28
<u>Interests of Command’s Directors and Executive Officers in the Merger</u>	30
<u>Merger Expenses, Fees and Costs</u>	32
<u>Expected Timing of the Merger</u>	32
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	33
<u>Intent to Vote in Favor of the Merger</u>	34
<u>Financing of the Merger</u>	34
<u>Regulatory Approvals</u>	35
<u>Payment of Shares</u>	35
<u>Delisting and Deregistration of Command Common Stock After the Transactions</u>	35

<u>THE MERGER AGREEMENT</u>	36
<u>Structure and Completion of the Merger</u>	36
<u>Treatment of Command Stock Options and Other Equity-Based Awards</u>	37
<u>Payment of Command Common Stock in the Merger</u>	37
<u>Representations and Warranties</u>	38
<u>Definition of Company Material Adverse Change</u>	39
<u>Conduct of Business Pending Completion of the Merger</u>	39
<u>Command Shareholders' Meeting and Recommendation of Command's Board of Directors</u>	41
<u>Agreement Not to Solicit Other Offers</u>	42
<u>Other Covenants and Agreements</u>	42
<u>Conditions to the Completion of the Merger</u>	44
<u>Termination of the Merger Agreement</u>	45
<u>Effect of Termination</u>	46
<u>Termination Fee</u>	46
<u>Specific Performance</u>	46
<u>Fees and Expenses</u>	46
<u>Governing Law</u>	46
<u>THE VOTING AGREEMENT</u>	47
<u>SPECIAL MEETING OF COMMAND SHAREHOLDERS</u>	48
<u>Date, Time and Place of the Special Meeting</u>	48
<u>Admission to the Special Meeting</u>	48
<u>Purpose of the Special Meeting</u>	48
<u>Recommendation of the Command Board of Directors</u>	48
<u>Record Date; Shareholders Entitled to Vote; Outstanding Shares Held</u>	48
<u>Quorum</u>	49
<u>Abstentions</u>	49
<u>Broker Non-Votes</u>	49
<u>Required Vote</u>	49
<u>Shares Beneficially Owned by Directors and Executive Officers</u>	50
<u>Proxies</u>	50
<u>Shares Held in Street Name</u>	50
<u>How to Submit Your Proxy</u>	50
<u>Revoking Your Proxy</u>	51
<u>Adjournments and Postponements</u>	51
<u>Proxy Solicitation</u>	51
<u>Other Business</u>	51
<u>ADVISORY VOTE ON SPECIFIED COMPENSATION FOR NAMED EXECUTIVE OFFICERS (PROPOSAL 2)</u>	52
<u>The Proposal</u>	52
<u>Vote Required and Board Recommendation</u>	52
<u>VOTE ON ADJOURNMENT (PROPOSAL 3)</u>	53
<u>The Proposal</u>	53
<u>Vote Required and Board Recommendation</u>	53
<u>Market Price Data</u>	54
<u>Securities Ownership of Certain Beneficial Owners and Management</u>	55
<u>NO APPRAISAL RIGHTS</u>	58
<u>DELISTING AND DEREGISTRATION OF COMMAND COMMON STOCK AFTER THE TRANSACTIONS</u>	58
<u>COMMAND SHAREHOLDER PROPOSALS</u>	58

WHERE YOU CAN FIND MORE INFORMATION

59

ANNEX A – AGREEMENT AND PLAN OF MERGER

A-1

ANNEX B – VOTING AGREEMENT

B-1

ANNEX C – OPINION OF NOMURA SECURITIES INTERNATIONAL, INC.

C-1

SUMMARY

This summary highlights selected information from this document. You are urged to carefully read the entire document and the other documents referred to in this document because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the meeting. See “Where You Can Find More Information.” Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

Information About Command and the Other Parties to the Merger (see page 14)

Command Security Corporation, a New York corporation (which we refer to as “Command,” “we,” “us” or “our”), together with our subsidiaries, is a security services company which principally provides uniformed security officers and aviation security services to commercial, financial, industrial, aviation and governmental customers throughout the United States. We provide our security services to our customers through Command Security, our security division, and our aviation security services through our Aviation Safeguards division. Command common stock, par value \$0.0001 per share (which we refer to as “Command common stock”), is publicly traded on NYSE American LLC (which we refer to as “NYSE American”) under the symbol “MOC.”

Our principal executive offices are located at 512 Herndon Parkway, Suite A, Herndon, Virginia 20170 and our telephone number is (703) 464-4735. For more information about Command, please visit our website at www.commandsecurity.com. Our website address is provided as an inactive textual reference only. The information contained on our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the Securities and Exchange Commission (which we refer to as the “SEC”). See “Where You Can Find More Information.”

Prosegur SIS (USA) Inc., a Florida corporation (which we refer to as “Parent”), is a holding company and a wholly owned subsidiary of Prosegur Compañía de Seguridad, S.A., a corporation incorporated under the laws of the Kingdom of Spain, which, together with its subsidiaries, operates in Spain, Brazil, Argentina, Colombia, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay, Germany, France, Portugal, Turkey, Australia, China, the Philippines, India, Singapore and South Africa. Prosegur Compañía de Seguridad, S.A., is organized around three primary activity lines: security, cash and alarms.

The principal executive offices of Parent are located at c/o Prosegur Compañía de Seguridad, S.A., 24 Pajaritos Street, 28007, Madrid, Spain and its telephone number is +34 91 558 5124.

Crescent Merger Sub, Inc. is a New York corporation (which we refer to as “Merger Sub”) and a wholly owned subsidiary of Parent. Merger Sub has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist.

The principal executive offices of Merger Sub are located at c/o Prosegur Compañía de Seguridad, S.A., 24 Pajaritos Street, 28007, Madrid, Spain and its telephone number is +34 91 558 5124.

The Merger (see page 15)

Command, Parent and Merger Sub entered into a merger agreement, pursuant to which they agreed that Parent would acquire Command pursuant to a merger of Merger Sub with and into Command, with Command surviving the merger as a wholly owned subsidiary of Parent. As a result of the merger, Command will cease to be a separate, publicly held company.

The merger agreement is attached as Annex A and is incorporated into this proxy statement by reference. You are encouraged to read it carefully and in its entirety because it is the legal document that governs the merger.

Merger Consideration (see page 36)

In the merger, each share of Command common stock issued and outstanding as of