

Edgar Filing: SURGE COMPONENTS INC - Form DEF 14A

SURGE COMPONENTS INC  
Form DEF 14A  
March 31, 2003

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 Section 240.14a-12

Surge Components, Inc.

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

SURGE COMPONENTS, INC.  
(a Delaware Corporation)

Notice of 2003 Annual Meeting  
of Shareholders to be held  
at 10:00 A.M. on [        ], 2003

To the Shareholders of  
SURGE COMPONENTS, INC.:

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NOTICE IS HEREBY GIVEN that the 2003 Annual Meeting of Shareholders (the "Meeting") of SURGE COMPONENTS, INC. (the "Company") will be held on [ ], 2003 at 10:00 A.M. at the Company's offices located at 95 East Jefryn Boulevard, Deer Park, NY 11729 to consider and vote on the following matters described under the corresponding numbers in the attached Proxy Statement:

Proposal 1. To elect six directors; and

Proposal 2. To transact such other business as may properly come before the Meeting.

The Board of Directors has fixed [ ], 2003, at the close of business, as the record date for the determination of shareholders entitled to vote at the Meeting, and only holders of shares of Common Stock of the Company of record at the close of business on that day will be entitled to vote. The stock transfer books of the Company will not be closed.

A complete list of shareholders entitled to vote at the Meeting shall be available for examination by any shareholder, for any purpose germane to the Meeting, during ordinary business hours from [ ], 2003 until the Meeting at the offices of the Company. The list will also be available at the Meeting.

Whether or not you expect to be present at the Meeting, please fill in, date, sign, and return the enclosed Proxy, which is solicited by management. The Proxy is revocable and will not affect your vote in person in the event you attend the Meeting.

By Order of the Board of Directors

Ira Levy, President

Date: [ ], 2003

Requests for additional copies of proxy material and the Company's Annual Report for its fiscal year ended November 30, 2002 should be addressed to Shareholder Relations, Surge Components, Inc., 95 East Jefryn Boulevard, Deer Park, NY 11729. This material will be furnished without charge to any shareholder requesting it.

SURGE COMPONENTS, INC.

95 East Jefryn Boulevard  
Deer Park, NY 11729

Proxy Statement

The enclosed proxy is solicited by the management of Surge Components, Inc. (the "Company") in connection with the 2003 Annual Meeting of Shareholders (the "Meeting") to be held on [ ], 2003 at 10:00 A.M. at the Company's offices located at 95 East Jefryn Boulevard, Deer Park, NY 11729 and any adjournment thereof. The Board of Directors (the Board) has set [ ], 2003 as the record date for the determination of shareholders entitled to vote at the Meeting. A shareholder executing and returning a proxy has the power to revoke it at any time before

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it is exercised by filing a later proxy with, or other communication to, the Secretary of the Company or by attending the Meeting and voting in person.

The entire cost of soliciting proxies will be borne by the Company. The costs of solicitation, which represent an amount believed to be normally expended for a solicitation relating to an uncontested election of directors, will include the costs of supplying necessary additional copies of the solicitation materials and the Company's Annual Report to Shareholders for its fiscal year ended November 30, 2002 ("Fiscal 2002") (the "Annual Report") to beneficial owners of shares held of record by brokers, dealers, banks, trustees, and their nominees, including the reasonable expenses of such recordholders for completing the mailing of such materials and Annual Reports to such beneficial owners.

Only shareholders of record of the Company's 8,743,326 shares of Common Stock (the "Common Stock") outstanding at the close of business on [ ], 2003 will be entitled to vote. Each share of Common Stock is entitled to one vote. Holders of a majority of the outstanding shares of Common Stock must be represented in person or by proxy in order to achieve a quorum. All shares of our Common Stock represented in person or by proxy (including shares which abstain or do not vote for any reason with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Annual Meeting. Abstentions will be treated as shares that are present and entitled to vote for purposes of determining the number of shares present and entitled to vote with respect to any particular matter, but will not be counted as a vote in favor of such matter. Accordingly, an abstention from voting on a matter has the same legal effect as a vote against the matter. If a broker or nominee holding stock in street name indicates on the proxy that it does not have discretionary authority to vote as to a particular matter (broker non-votes), those shares will not be considered as present and entitled to vote with respect to such matter. Accordingly, a broker non-vote on a matter has no effect on the voting on such matter. The Company has also authorized and issued 42,700 shares of Series C Preferred Stock which has no voting rights. The proxy statement, the attached notice of meeting, the enclosed form of proxy and the Annual Report are being mailed to shareholders on or about [ ], 2003. The mailing address of the Company's principal executive offices is 95 East Jefryn Boulevard, Deer Park, NY 11729.

PROPOSAL ONE. ELECTION OF DIRECTORS

The following table sets forth certain information as to the persons nominated for election as a director of the Company at the Meeting:

Name	Age	Positions with Surge	Director Since
Ira Levy	46	Chief Executive Officer, President and Director	1981

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Steven J. Lubman	47	Vice President, Principal Financial Officer, Secretary and Director	1981
Alan Plafker	44	Director, Member of the Audit Committee and Member of the Compensation Committee	2001
David Siegel	77	Director, Member of the Audit Committee and Chairman of the Compensation Committee	1983
Mark Siegel	49	Director, Member of the Audit and Compensation Committees	1996
Lawrence Chariton	45	Director, Member of Audit Committee	2001

Ira Levy has served as President, Chief Executive Officer and a director of Surge since its inception in November 1981. From 1976 to 1981, Mr. Levy was employed by Capar Components Corp., an importer and supplier of capacitor and resistor products.

Steven J. Lubman has served as Surge's Vice President, Principal Financial Officer, Secretary and a director since its inception in November 1981. From 1975 to 1981, Mr. Lubman was employed by Capar Components, Inc.

David Siegel has served as a director since 1983, as well as Chairman of the Board from 1983 to February 2000. Mr. Siegel also serves on the boards of directors of Kent Electronics Corp. and Micronetics, Inc., each of which is a publicly traded company, and Great American of Deer Park, Inc., a privately held company which leases facilities to Surge. David Siegel is the father-in-law of Ira Levy and the father of Mark Siegel.

Mark Siegel has served as a director since October 1996. Since 1985, Mr. Siegel has been the President of Mark Siegel Inc., d/b/a Great American Electronics Corp., an electronics parts distributor, and Great American of Deer Park, Inc., a privately held company which leases facilities to Surge. Mark Siegel is the son of David Siegel and the brother in-law of Ira Levy.

Alan Plafker has served as a director since June 2001. Mr. Plafker is the President and Chief Executive Officer of Member Brokerage Service LLC, a credit union service organization owned by Melrose Credit Union. Mr. Plafker has over 20 years of management experience in the insurance and credit union industries.

Lawrence Chariton has served as a director since August 2001. For the last 25 years, Mr. Chariton has worked as a Sales Manager for Linda Shop, a retail jewelry business, and is involved in charitable organizations benefiting the State of Israel. Mr. Chariton graduated from Hofstra University in 1979 with a Bachelor's Degree in accounting.

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COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934.

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Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Based solely on its review of the copies of such forms received by it, the Company believes that during Fiscal 2002 all executive officers and directors of the Company complied with all applicable filing requirements.

AUDIT AND COMPENSATION COMMITTEES

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During Fiscal 2002, the Compensation Committee, consisting of Messrs. David Siegel and Mark Siegel, had no meetings.

During Fiscal 2002, the Audit Committee (the "Audit Committee"), consisting of Messrs. Chariton and Plafker, met four times.

AUDIT COMMITTEE REPORT

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The Audit Committee consists of independent directors all of whom meet the independence and experience requirements of Nasdaq Marketplace Rule 4200(a)(14). The Audit Committees responsibilities are as described in a written charter adopted by the Board, which is attached as Appendix A to this Proxy Statement.

The Audit Committee has reviewed and discussed the Companys audited financial statements for Fiscal 2002 with management and with the Companys independent auditors, Seligson & Giannatassio LLP (S&G). The Audit Committee has discussed with S&G the matters required to be discussed by the Statement on Auditing Standards No. 61 relating to the conduct of the audit. The Audit Committee has received the written disclosures and the letter from S&G required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has discussed with S&G its independence. Based on the Audit Committees review of the audited financial statements and the review and discussions described in the foregoing paragraph, the Audit Committee recommended to the Board that the audited financial statements for Fiscal 2002 be included in the Companys Annual Report on Form 10-KSB for Fiscal 2002 for filing with the Securities and Exchange Commission.

Submitted by the members of the Audit Committee:

Alan Plafker  
Lawrence Chariton

AUDIT FEES; FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES; ALL OTHER FEES

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Audit fees billed to the Company by S&G during Fiscal 2002

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for review of the Company's annual financial statements and those financial statements included in the Company's quarterly reports on Form 10-QSB totaled \$154,220. The Company did not engage S&G to provide advice to the Company regarding financial information systems design and implementation during Fiscal 2002. The Company also engaged S&G during Fiscal 2002 for the preparation of the Company's tax returns totaling \$10,000 in services.

The following table sets forth all compensation awarded to, earned by, or paid for all services rendered to Surge during the fiscal years ended November 30, 2002, 2001 and 2000 by those persons who served as chief executive officer and any executive officer who received compensation in excess of \$100,000 during such years.

Summary Compensation Table  
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Name and Principal Positions -----	Year ----	Annual Compensation		Other Annual Compensation (1) -----	Long-Term Compensation Shares Underlying Options -----
		Salary -----	Bonus -----		
Ira Levy, President and Chief Executive Officer (2)	2002	\$200,000	\$ 0 (3)	0	0
	2001	\$200,000	\$ 48,736 (3)	0	0
	2000	\$200,000	\$528,156 (3)	0	250,000
Steven J. Lubman, Vice President	2002	\$200,000	\$ 0 (3)	0	0
	2001	\$200,000	\$161,230 (3)	0	0
	2000	\$200,000	\$651,028 (3)	0	50,000
Adam Epstein, Former Chairman of the Board and Former Chief Executive Officer (2)	2001	\$184,615	\$ 0	0	500,000 (4)
	2000	\$157,692	\$ 0	0	1,000,000 (4)