

GLEN BURNIE BANCORP
Form DEF 14A
April 04, 2008

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
| <input type="checkbox"/> | Definitive Additional Materials | | |
| <input type="checkbox"/> | Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12 | | |

Glen Burnie Bancorp

(Name of Registrant as Specified in Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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

(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):

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(1) Amount Previously Paid:

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[GLEN BURNIE BANCORP LETTERHEAD]

April 14, 2008

Dear Fellow Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Glen Burnie Bancorp (the “Company”) to be held at Michael’s Eighth Avenue, 7220 GrayburnDrive Glen Burnie, Maryland on Thursday, May 8, 2008 at 2:00 p.m.

The accompanying notice and proxy statement describe the formal business to be transacted at the meeting which includes the election of directors and authorization for the Board of Directors to select the Company’s auditors for the 2008 fiscal year.

Enclosed with this proxy statement are a proxy card and an Annual Report to Stockholders for the 2007 fiscal year. During the meeting, we will report on the operations of the Company’s wholly-owned subsidiary, The Bank of Glen Burnie. Directors and officers of the Company as well as representatives of Trice Geary & Myers LLC, our independent auditors, will be present to respond to any questions the stockholders may have.

ON BEHALF OF THE BOARD OF DIRECTORS, WE URGE YOU TO SIGN, DATE AND RETURN THE ACCOMPANYING PROXY CARD AS SOON AS POSSIBLE EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING. This will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting. Your vote is important, regardless of the number of shares you own. If you plan to attend the meeting, please check the box on the enclosed form of proxy.

Sincerely,

John E. Demyan
Chairman

Michael G. Livingston
President and Chief
Executive Officer

GLEN BURNIE BANCORP
101 Crain Highway, S.E.
Glen Burnie, Maryland 21061
(410) 766-3300

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 8, 2008

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Glen Burnie Bancorp (the "Company") will be held at Michael's Eighth Avenue, 7220 Grayburn Drive, Glen Burnie, Maryland on Thursday, May 8, 2008 at 2:00 p.m., Eastern Time.

A proxy statement and proxy card for the Annual Meeting accompany this notice.

The Annual Meeting has been called for the following purposes:

1. To elect four directors;
2. To authorize the Board of Directors to accept the selection of the Audit Committee of an outside auditing firm for the 2008 fiscal year; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Any action may be taken on any one of the foregoing proposals at the Annual Meeting on the date specified above or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned. Stockholders of record at the close of business on March 31, 2008 are the only stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof.

You are requested to complete and sign the accompanying proxy card, which is solicited by the Board of Directors and to mail it promptly in the accompanying envelope. The proxy card will not be used if you attend and vote at the Annual Meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS

Barbara J. Elswick
Secretary

Glen Burnie, Maryland
April 14, 2008

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE YOUR COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES IN ORDER TO ENSURE A QUORUM. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

**PROXY STATEMENT
OF
GLEN BURNIE BANCORP
101 Crain Highway, S.E.
Glen Burnie, Maryland 21061**

**ANNUAL MEETING OF STOCKHOLDERS
May 8, 2008**

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board of Directors” or “Board”) of Glen Burnie Bancorp (the “Company”) to be used at the 2008 Annual Meeting of Stockholders of the Company and any adjournments or postponements thereof (hereinafter called the “Annual Meeting”) which will be held at Michael’s Eighth Avenue, 7220 Grayburn Drive, Glen Burnie, Maryland on Thursday, May 8, 2008 at 2:00 p.m., Eastern Time. The accompanying Notice of Annual Meeting and form of proxy and this Proxy Statement are being first mailed to stockholders on or about April 14, 2008.

VOTING AND REVOCABILITY OF PROXIES

Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given therein. **Where no instructions are given, proxies will be voted for the nominees named below and for the proposal to authorize the Board of Directors to accept the selection of the Audit Committee of an outside auditing firm for the 2008 fiscal year.** The proxy confers discretionary authority on the persons named therein to vote with respect to the election of any person as a director where the nominee is unable to serve or for good cause will not serve, and with respect to matters incident to the conduct of the Annual Meeting. If any other business is presented at the Annual Meeting, proxies will be voted by those named therein in accordance with the determination of a majority of the Board of Directors. Proxies marked as abstentions will not be counted as votes cast. In addition, shares held in street name which have been designated by brokers on proxy cards as not voted will not be counted as votes cast. Proxies marked as abstentions or as broker no votes, however, will be treated as shares present for purposes of determining whether a quorum is present.

Stockholders who execute proxies retain the right to revoke them at any time prior to being voted. Unless so revoked, the shares represented by properly executed proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies may be revoked by written notice to Barbara J. Elswick, the Secretary of the Company, at the address above or by the filing of a later dated proxy prior to a vote being taken on a particular proposal at the Annual Meeting. A proxy will not be voted if a stockholder attends the Annual Meeting and votes in person. The presence of a stockholder at the Annual Meeting will not revoke such stockholder’s proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The securities entitled to vote at the Annual Meeting consist of the Company’s common stock, par value \$1.00 per share (the “Common Stock”). Stockholders of record as of the close of business on March 31, 2008 (the “Record Date”)

are entitled to one vote for each share then held. At the Record Date, the Company had 2,987,228 shares of Common Stock issued and outstanding. The presence, in person or by proxy, of at least a majority of the total number of shares of Common Stock outstanding and entitled to vote will be necessary to constitute a quorum at the Annual Meeting. Persons and groups beneficially owning in excess of 5% of the Common Stock are required to file certain reports with respect to such ownership pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"). The following table sets forth, as of the Record Date, certain information as to the Common Stock beneficially owned by all persons who were known to the Company to beneficially own more than 5% of the Common Stock outstanding at the Record Date.

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<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership¹</u>	<u>Percent of Shares Of Common Stock Outstanding</u>
John E. Demyan 101 Crain Highway, S.E. Glen Burnie, Maryland 21061	281,302	9.42%
Frederick W. Kuethe, III 377 Swinton Way Severna Park, Maryland 21032	156,196 ²	5.23%
Marrrian K. McCormick 8 Oak Lane Glen Burnie, Maryland 21061	165,171 ³	5.53%

¹Rounded to nearest whole share. For purposes of this table, a person is deemed to be the beneficial owner of any shares of Common Stock if he or she has or shares voting or investment power with respect to such Common Stock or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, “voting power” is the power to vote or direct the voting of shares and “investment power” is the power to dispose or direct the disposition of shares. Except as otherwise noted, ownership is direct, and the named individuals or group exercise sole voting and investment power over the shares of the Common Stock.

²Includes 21,004 shares held jointly, 940 shares held by Mr. Kuethe individually, 6,433 shares held by Mr. Kuethe for the benefit of a minor child, 427 shares held by Mrs. Kuethe individually, and 6,432 shares held by Mrs. Kuethe for the benefit of a minor child. Each disclaims beneficial ownership to the shares owned individually by the other. Also includes 120,960 shares held by Mr. Kuethe as one of the trustees for The Kuethe Family Educational Trust.

³Includes 5,739 shares held by Mrs. McCormick individually, 18,230 shares held by Mrs. McCormick for the benefit of minor children, 20,242 shares held by Mrs. McCormick jointly with others, and 120,960 shares held by Mrs. McCormick as one of the trustees for The Kuethe Family Educational Trust.

PROPOSAL I -- ELECTION OF DIRECTORS

The Board of Directors currently consists of 12 directors. Under the Company’s Articles of Incorporation, directors are divided into three classes and elected for terms of three years each and until their successors are elected and qualified. The Board has nominated John E. Demyan, Charles Lynch, Jr., F. W. Kuethe, III, and Mary Lou Wilcox for election as directors to serve for terms of three years each and until their successors are elected and qualified. Under Maryland law, directors are elected by a plurality of all votes cast at a meeting at which a quorum is present.

Unless contrary instruction is given, the persons named in the proxies solicited by the Board of Directors will vote each such proxy for the election of the named nominees. If any of the nominees is unable to serve, the shares represented by all properly executed proxies which have not been revoked will be voted for the election of such substitute as the Board may recommend or the Board may reduce the size of the Board to eliminate the vacancy. At this time, the Board does not anticipate that any nominee will be unavailable to serve.

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The following table sets forth, for each nominee and each continuing director, his or her name, age as of the Record Date, the year he or she first became a director of the Company, the expiration of his or her current term, and whether such individual has been determined by the Board to be “independent” as defined in Rule 4200(a)(15) of the listing standards of the National Association of Securities Dealers (NASD). Each nominee and continuing director is also a member of the Board of Directors of The Bank of Glen Burnie (the “Bank”) and GBB Properties, Inc. (“GBB Properties”). There are no known arrangements or understandings between any director or nominee for director of the Company and any other person pursuant to which such director or nominee has been selected as a director or nominee.

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<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Current Term to Expire</u>	<u>Independent</u>
<i>Board Nominees for Term to Expire in 2011</i>				
John E. Demyan	60	1995	2008	No
Charles Lynch, Jr.	54	2003	2008	Yes
F. W. Kuethe, III	48	1992	2008	No
Mary Lou Wilcox	59	1997	2008	Yes

Directors Continuing in Office

Shirley E. Boyer	71	1995	2009	Yes
Norman E. Harrison	62	2005	2009	Yes
Michael G. Livingston	54	2005	2009	No
Edward L. Maddox	57	2005	2009	Yes
Thomas Clocker	73	1995	2010	Yes
F. William Kuethe, Jr.	75	1995	2010	No
William N. Scherer, Sr.	84	1995	2010	Yes
Karen B. Thorwarth	50	1995	2010	Yes

Presented below is certain information concerning the nominees and directors continuing in office. Unless otherwise stated, all directors and nominees have held the positions indicated for at least the past five years.

John E. Demyan has been Chairman of the Board of the Company, the Bank and GBB Properties since 1995. He previously served as a director of the Company and the Bank from 1990 through 1994. He completed the Maryland Banking School in 1994. He is the owner and manager of commercial and residential properties in northern Anne Arundel County, Maryland. Mr. Demyan is also a commercial multi-engine pilot and flight instructor. He is an active volunteer with Angel Flight Mid-Atlantic, an organization that provides free air transportation for medical treatments to individuals who have exhausted their resources as a result of their medical condition.

Charles Lynch, Jr. is President of The General Ship Repair Corporation in Baltimore, Maryland and has over 30 years of experience in marine engineering and ship repair. He holds a Bachelor of Science degree in Industrial Engineering, with a minor in Ocean Engineering, from the University of Miami and serves on the Baltimore Maritime Museum's Board of Directors. He is an active member of the Propeller Club, Port of Baltimore Chapter, The Society of Naval Architects and Marine Engineers, The Maryland Marine Club, The Tupenny Club of Baltimore and the Annapolis Yacht Club.

Frederick W. Kuethe, III has been a Vice President of the Company since 1995 and a director of the Bank since 1988. In addition to his active participation on the board, he also works in software design and systems integration at Northrop Grumman Corp. He is a graduate of the Maryland Banking School. Mr. Kuethe is the son of F. William Kuethe, Jr.

Mary Lipin Wilcox is a teacher at Belle Grove Elementary School in Brooklyn Park, Maryland. She is an active member of her church, the teacher's association and the community. She has served on the Glen Burnie Improvement Association's Carnival Banking Committee for over 35 years as well as serving on other Carnival committees.

Shirley E. Boyer is the owner/manager of a large number of residential properties in Anne Arundel County, Maryland. She has 13 years experience in the local banking industry where she was given progressive responsibilities, holding positions from Teller to Assistant Branch Manager.

Norman E. Harrison, Jr., has 35 years of experience as a certified public accountant. He is a founding partner of Harrison & Company, LLC a public accounting firm specializing in auditing, accounting, taxes and consulting. Prior to opening his present company, Mr. Harrison was a senior partner responsible for managing the Baltimore office of Stegman & Company, P.A., a large regional public accounting firm. Mr. Harrison is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants. He currently serves as an advisory board or board member of several non profit organizations and a privately held corporation.

Michael G. Livingston became President and Chief Executive Officer on January 1, 2008. Prior to that date, he was Deputy Chief Executive Officer and Executive Vice President since August 2004 and became a Director on January 1, 2005. Mr. Livingston was a Senior Vice President from January 1998 until August 2004 and had been Chief Lending Officer of the Bank from 1996 until August 2004. He served as Deputy Chief Operating Officer from February 14, 2003 through December 31, 2003 and was appointed the Chief Operating Officer effective January 1, 2004.

Edward L. Maddox has 31 years of professional experience in the financial services industry. He currently provides expertise in the areas of profitability reporting, commercial lending revenue enhancement and international cash management products to major U.S. banks as a consultant with Automated Financial Systems. During his career Mr. Maddox worked in the operations division of First National Bank of Maryland and the Equitable Trust Company. He was a member of the Adjunct Faculty at Loyola College from 1980 - 1985 while serving as the director of consulting for Commercial Banking Funds Management with Littlewood, Shain & Company. In 2003, Governor Robert L. Ehrlich appointed Mr. Maddox to the Maryland State Information Technology Board. He served as a Delegate on the Greater Severna Park Council from 1979-1982 and 1989-1993. He currently serves on the Shipley's Choice Community Association's Board of Directors where he has held several leadership positions including a three-year term as President.

Thomas Clocker has been the owner/operator of Angel's Food Market in Pasadena, Maryland since 1960. He served on the Mid-Atlantic Food Association's board of directors for nine years and is a founding member of the Pasadena Business Association. Mr. Clocker is actively involved in the community as a supporter of local schools, athletic associations and scouting groups.

F. William Kuethe, Jr. served as President and Chief Executive Officer of the Company and the Bank from 1995 until 2007 and is currently President Emeritus. He also served as a director of the Bank from 1960 through 1989. He was formerly President of Glen Burnie Mutual Savings Bank from 1960 through 1995. Mr. Kuethe, a former licensed appraiser and real estate broker, has banking experience at all levels. Mr. Kuethe is the father of Frederick W. Kuethe, III.

William N. Scherer, Sr. has been a member of the local business community since 1952 when he owned and operated an accounting and tax business. After graduating from law school in 1962, he opened a law practice in Glen Burnie. He currently specializes in wills and estates. He previously operated Scherer's Market in Jessup, Maryland from 1960 to 2004. Mr. Scherer is chairman of the Audit Committee. Mr. Scherer is past director of the Chartwell Golf and Country Club and past President of the Mariner Sands Chapel, Stuart, Florida.

Karen B. Thorwarth is a Certified Insurance Counselor and a licensed agent. She has 24 years of experience including commercial property and casualty insurance, marketing, and underwriting of commercial boat and pleasure yacht insurance.

CORPORATE GOVERNANCE

The Board of Directors periodically reviews its corporate governance policies and procedures to ensure that the Company meets the highest standards of ethical conduct, reports results with accuracy and transparency, and maintains full compliance with the laws, rules and regulations which govern the Company's operations.

Meetings and Committees of the Board of Directors

Board of Directors. The Board of Directors consists of twelve members and holds regular monthly meetings and special meetings as needed. During the year ended December 31, 2007, the Board met 12 times. No incumbent

director attended fewer than 75% of the total number of meetings of the Board of Directors held during 2007 and the total number of meetings held by all committees on which the director served during such year. Board members are expected to attend the Annual Meeting of Stockholders, and all incumbent directors attended the 2007 Annual Meeting of Stockholders.

The Board has numerous committees, each of which meets at scheduled times, including the following committees:

Audit Committee. The Bank's Audit Committee acts as the audit committee for the Company and currently consists of Directors William N. Scherer, Sr., Shirley E. Boyer, Karen B. Thorwarth, Norman E. Harrison and Thomas Clocker. During the year ended December 31, 2007, the Audit Committee met 17 times.

The Audit Committee monitors internal accounting controls, meets with the Bank's Internal Auditor to review internal audit findings, recommends independent auditors for appointment by the Board, and meets with the Company's independent auditors regarding these internal controls to assure full disclosure of the Company's financial condition. Each member of the Audit Committee is independent, as defined in Rule 4200(a)(15) of the listing standards of the NASD, meets the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under the Exchange Act, and otherwise meets the criteria for Audit Committee membership set forth in applicable NASD rules. In addition, each member of the Audit Committee is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. Additionally at least one member of the Committee has employment experience in finance or accounting and the requisite professional certification in accounting, which results in the individual's financial sophistication. The Audit Committee does not include an "audit committee financial expert" (as defined in applicable Securities and Exchange Commission (SEC) rules), because the Board of Directors believes that the benefits provided by the addition to the Audit Committee of an individual who meets the SEC criteria at this time do not justify the cost of retaining such an individual.

Employee Compensation and Benefits Committee. The Bank's Employee Compensation and Benefits Committee acts as the compensation committee for the Company and is composed of Directors Shirley E. Boyer, F. William Kuethe, Jr., John E. Demyan, William N. Scherer, Sr., Frederick W. Kuethe, III, Thomas Clocker, Michael G. Livingston, Norman Harrison, and Karen Thorwarth. Messrs. Kuethe, Demyan, Kuethe and Livingston are not independent directors. This Committee met three times during 2007. The purpose of the Compensation Committee is to evaluate and ascertain the appropriateness of compensation levels pertaining to the officers of the Bank other than the Chief Executive Officer and the other executive officers of the Bank. The compensation levels of the Chief Financial Officer is recommended by the Chief Executive Officer for deliberation and approval of the Committee prior to submission to the full Board. The compensation levels of the Chief Executive Officer and the other executive officers of the Bank are reviewed by the full Board of Directors and must be approved by a majority of the independent directors. No executive officer is present during deliberations or voting on his compensation.

Nominations. The independent members of the Company's Board of Directors acts as a nominating committee for the annual selection of its nominees for election as directors, and the Board held one meeting during 2008 in order to make nominations for directors. The Board has not adopted a charter with respect to the nominating committee function. The Board of Directors believes that the interests of the Company's shareholders are served by relegating the nominations process to the Board members who are independent from management. While the Board of Directors will consider nominees recommended by stockholders, it has not actively solicited recommendations from the Company's stockholders for nominees, nor established any procedures for this purpose. In considering prospective nominees, the Board of Directors will consider the prospect's relevant financial and business experience, familiarity with and participation in the Bank's market area, the integrity and dedication of the prospect, his independence and other factors the Board deems relevant. The Board of Directors will apply the same criteria to nominees recommended by stockholders as those recommended by the Board. Nominations by stockholders must comply with certain informational requirements set forth in Article III, Section 1 of the Company's Bylaws. See "Stockholder Proposals" elsewhere in this Proxy Statement.

Director Compensation

Director's Fees. Currently, all directors are paid a fee of \$1,000 for each combined regular or special meeting of the Company and the Bank attended, with fees paid for one excused absence. In addition to the foregoing director's fees, Mr. Demyan is compensated at the rate of \$30,000 per annum for the additional responsibilities of serving as the Chairman of the Board. Directors (other than F. William Kuethe, Jr., Mr. Demyan and Mr. Livingston who receive no fees for committee meetings) are paid an additional \$300 chairman fee or \$200 member fee, as applicable, for each committee meeting. Directors are also eligible for annual bonuses.

Executive and Director Deferred Compensation Plan. The Bank's Board of Directors has adopted The Bank of Glen Burnie Executive and Director Deferred Compensation Plan pursuant to which participating directors may elect to defer all or a portion of their fees on a pre-tax basis. Deferred fees are held in a trust account and invested as directed by the participant. Participants are fully vested in their accounts at all times and may elect to have their accounts paid out in a lump sum or in equal installments over a period of five, ten or fifteen years beginning on a date no earlier than three years after the initial deferral election. Upon a participant's death, any amounts remaining in their account will be paid to their beneficiaries.

Director Health Plan. All directors have the right to participate in the Bank's health insurance plan. Under the terms of the plan, the Bank pays 80% of the premiums for participating directors and their spouses.

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The following table summarizes the compensation paid to directors other than those included in the Summary Compensation Table below, for the fiscal year ended December 31, 2007:

<u>Name</u> (a)	<u>Fees Earned or</u> <u>Paid in Cash</u>
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