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CLOVER LEAF FINANCIAL CORP

Form SB-2/A

November 08, 2001

As filed with the Securities and Exchange Commission on November 8, 2001

Registration No. 333-69762

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 2 TO THE
FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CLOVER LEAF FINANCIAL CORP.
(Name of Small Business Issuer in Its Charter)

Delaware	6712	(To be applied for)
(State or Jurisdiction	(Primary Standard	(I.R.S. Employer
of Incorporation or	Industrial Classification Code	Identification No.)
Organization)	Number)	

200 East Park Avenue
Edwardsville, Illinois 62025
(618) 656-6122
(Address and Telephone Number of Principal Executive Offices)

200 East Park Avenue
Edwardsville, Illinois 62025
(Address of Principal Place of Business or Intended Principal Place of Business)

Dennis M. Terry
200 East Park Avenue
Edwardsville, Illinois 62025
(708) 687-7400
(Name, Address and Telephone Number of Agent for Service)

Copies to:
Alan Schick, Esq.
Ned Quint, Esq.
Luse Lehman Gorman Pomerenk & Schick, P.C.
5335 Wisconsin Avenue, N.W.
Suite 400
Washington, D.C. 20015

Approximate date of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, check the following box:

If this Form is filed to register additional shares for an offering pursuant to Rule 462(b) under the Securities Act please check the following box and list the Securities Act registration statement number of the earlier effective

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registration statement for the same offering: []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: []

If the delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: []

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price (1)	regi
Common Stock, \$0.10 par value per share	661,250 shares	\$10.00	\$6,612,500	\$

- (1) Estimated solely for the purpose of calculating the registration fee.
- (2) Previously submitted.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

PART II: INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers

Article NINTH of the Certificate of Incorporation of Clover Leaf Financial Corp. (the "Corporation") sets forth circumstances under which directors, officers, employees and agents of the Corporation may be insured or indemnified against liability which they incur in their capacities as such:

NINTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or an Officer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnatee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or in any other capacity while serving as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the

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same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The right to indemnification conferred in Section A of this Article NINTH shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or Officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article NINTH shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

C. If a claim under Section A or B of this Article NINTH is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in

the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the

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indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article NINTH or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article NINTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested Directors or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article NINTH with respect to the indemnification and advancement of expenses of Directors and Officers of the Corporation.

Item 25. Other Expenses of Issuance and Distribution

	Amount

* Legal Fees and Expenses.....	\$ 100,000
* Printing, Postage, Mailing and EDGAR.....	70,000
* Appraisal and Business Plan Fees and Expenses.....	23,000
* Accounting Fees and Expenses.....	80,000
* Blue Sky Fees and Expenses.....	25,000
* Conversion Data Processing.....	12,500
** Marketing Agent Fees and Expenses.....	85,000
* Marketing Agent Counsel Fees.....	25,000
* Filing Fees (NASD, OBRE and SEC).....	13,100
* Other Expenses.....	30,000

* Total	\$ 443,600
	=====

* Estimated

** Clover Leaf Financial Corp. has retained Keefe, Bruyette & Woods, Inc. to assist in the sale of common stock on a best efforts basis in the offering.

Item 26. Recent Sales of Unregistered Securities

Not Applicable.

Item 27. Exhibits:

The exhibits filed as part of this registration statement are as follows:

(a) List of Exhibits

1.1 Engagement Letter between Clover Leaf Bank, SB and Keefe, Bruyette & Woods, Inc.*

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- 1.2 Form of Agency Agreement among Clover Leaf Financial Corp., Clover Leaf Bank, SB and Keefe, Bruyette & Woods, Inc.*
- 2 Plan of Conversion*
- 3.1 Certificate of Incorporation of Clover Leaf Financial Corp.*
- 3.2 Bylaws of Clover Leaf Financial Corp.*
- 4 Form of Common Stock Certificate of Clover Leaf Financial Corp.*
- 5 Opinion of Luse Lehman Gorman Pomerenk & Schick regarding legality of securities being registered*
- 8.1 Federal Tax Opinion of Luse Lehman Gorman Pomerenk & Schick*
- 8.2 Opinion of Keller & Company with respect to Subscription Rights*
- 10.1 Form of Employment Agreement for Dennis M. Terry*
- 10.2 Form of Employee Stock Ownership Plan*
- 10.3 Form of Severance Agreement*
- 10.4 Director Emeritus Plan*
- 10.5 Form of Director's Deferred Compensation Agreement
- 10.6 Officer's Deferred Bonus Compensation Agreement
- 17 Letter Regarding Change in Certified Public Accountants*
- 21 Subsidiaries of Registrant*
- 23.1 Consent of Luse Lehman Gorman Pomerenk & Schick (contained in Opinions included on Exhibits 5 and 8.1)
- 23.2 Consent of McGladrey & Pullen, LLP*
- 23.3 Consent of Crowe, Chizek and Company LLC*
- 23.4 Consent of Keller & Company*
- 23.5 Consent of RSM McGladrey, Inc.*
- 24 Power of Attorney (set forth on signature page)
- 99.1 Appraisal Agreement between Clover Leaf Bank, SB and Keller & Company*
- 99.2 Appraisal Report of Keller & Company*
- 99.3 Marketing Materials*
- 99.4 Order and Acknowledgment Form*
- 99.5 Business Plan Agreement between Clover Leaf Bank, SB and Keller & Company*

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* Previously filed.

Item 28. Undertakings

The undersigned Registrant hereby undertakes:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) Reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any duration from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

The small business issuer will provide to the underwriter at the closing specified in the Underwriting Agreement certificates in such documentation and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the questions whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this registration statement to be signed on its behalf by the undersigned, in the city of Edwardsville, State of Illinois on November 7, 2001.

CLOVER LEAF FINANCIAL CORP.

By: \s\ Dennis M. Terry

Dennis M. Terry
President and Chief Executive Officer
(Duly Authorized Representative)

POWER OF ATTORNEY

We, the undersigned directors and officers of Clover Leaf Financial Corp. (the "Company") hereby severally constitute and appoint Dennis M. Terry as our true and lawful attorney and agent, to do any and all things in our names in the capacities indicated below which said Dennis M. Terry may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with the registration statement on Form SB-2 relating to the offering of the Company's Common Stock, including specifically, but not limited to, power and authority to sign for us in our names in the capacities indicated below the registration statement and any and all amendments (including post-effective amendments) thereto; and we hereby approve, ratify and confirm all that said Dennis M. Terry shall do or cause to be done by virtue thereof.

In accordance with the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates stated.

Signatures	Title	Date
\s\ Dennis M. Terry ----- Dennis M. Terry	President, Chief Executive Officer and Director (Principal Executive Officer)	November 7, 2001
\s\ Darlene F. McDonald ----- Darlene F. McDonald	Treasurer (Principal Financial and Accounting Officer)	November 7, 2001
\s\ Joseph J. Gugger ----- Joseph J. Gugger	Director	November 7, 2001

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EXHIBIT INDEX

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99.3 Marketing Materials*

99.4 Order and Acknowledgment Form*

99.5 Business Plan Agreement between Clover Leaf Bank, SB and Keller & Company*

* Previously filed.

pt;">Net realized (losses) gains on investments

) (1,213

) (1,213

) (42,907

) (42,907

Other income

1,503

1,503

4,674

	4,674
Total revenue	
	29,751
	29,751
	66,671
	66,671
Expenses:	

Loss and loss adjustment expenses

26,872

3,074

29,946

66,154

\$

3,074

69,228

Policy acquisition and other underwriting expenses

10,736

10,736

32,350

32,350

General and administrative expenses

1,750

1,750

7,207

7,207

Depreciation and amortization

532

532

	1,628
	1,628
Interest expense	
	2,617
	2,617
	7,925
	7,925
Total expenses	
	42,507
	3,074
	45,581

	115,264
	3,074
	118,338
(Loss) Income from continuing operations before income tax benefit and allocation to minority interest	
	(12,756)
)	
	(3,074)
)	
	(15,830)
)	
	(48,593)
)	
	(3,074)
)	
	(51,667)
)	
Income tax benefit (expense) from continuing operations	
	9,092
	1,076
	10,168

	21,618
	1,076
	22,694
(Loss) Income from continuing operations before allocation to minority interest	
)	(3,664)
)	(1,998)
)	(5,662)
)	(26,975)
)	(1,998)
)	(28,973)
Minority interest	

(Loss) Income from continuing operations

(3,664

)

(1,998

)

(5,662

)

(26,975

)

(1,998

)

(28,973

)

Preferred stock dividend

(2,579

)

(2,579

)

)	(7,735
)	(7,735
Net (loss) income attributable to common stockholders	
\$	
)	(6,243
\$	
)	(1,998
\$	
)	(8,241
\$	
)	(34,710
\$	
)	(1,998
\$	
)	(36,708

(Loss) Income per share from continuing operations less preferred dividends

Basic (loss) income per share

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\$		
)		(0.11)
\$		
)		(0.04)
\$		
)		(0.15)
\$		
)		(0.61)
\$		
)		(0.04)
\$		
)		(0.65)
Diluted (loss) income per share		

\$		
)		(0.11)
\$		
)		(0.04)
\$		
)		(0.15)

)	
\$	
	(0.61)
)	
\$	
	(0.04)
)	
\$	
	(0.65)
)	

(Loss) Income per share attributable to common stockholders

Basic (loss) income per share

\$		
)		(0.11)
\$		
)		(0.04)
\$		
)		(0.15)
\$		
)		(0.61)
\$		
)		(0.04)
\$		

(0.65

)

Diluted (loss) income per share

\$

(0.11

)

\$

(0.04

)

\$

(0.15

)

\$

(0.61

)

\$

(0.04

)

\$

(0.65

)

Weighted average share information

Basic shares outstanding

56,452

56,452

56,452

56,452

Diluted shares outstanding

56,452

56,452

56,452

56,452

Reinsurance Receivable and Payable Adjustments

In connection with and as a result of the error in the application of that prepayment to loss and loss adjustment expense, reinsurance payable, as set forth in the balance sheet at September 30, 2008, was understated by \$4.1 million, reinsurance receivable was understated by \$1.0 million and income taxes receivable was understated by \$1.1 million. The following table sets forth the unaudited consolidated balance sheet at September 30, 2008 as originally presented in the Quarterly Report on Form 10-Q, the effect of the required adjustments on a line item basis and the restated amounts after giving effect to the adjustments.

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	September 30, 2008		
	As Previously Reported	Effect of Restatement	Restated
	(In thousands, except per share data)		
Assets			
Investments			
Fixed maturities			
Available for sale securities, at fair value (amortized cost of \$125,078 and \$130,253, respectively)	\$ 121,434		\$ 121,434
Held-to-maturity securities, at amortized cost (fair value of \$14,495 and \$6,819, respectively)	14,103		14,103
Equity securities			
Available for sale securities, at fair value (cost of \$9,107 and \$55,607, respectively)	8,141		8,141
Total investments	143,678		143,678
Cash and cash equivalents	750,573		750,573
Restricted cash	18,500		18,500
Accrued interest and dividends	1,402		1,402
Premiums receivable	22,396		22,396
Deferred acquisition costs	16,887		16,887
Reinsurance receivable, net of uncollectible amounts	104,567	\$ 1,000	105,567
Prepaid reinsurance premiums	4,851		4,851
Income taxes receivable	27,019	1,076	28,095
Deferred income taxes	16,278		16,278
Goodwill	23,988		23,988
Intangible assets, definite life	11,469		11,469
Intangible assets, indefinite life	3,000		3,000
Property and equipment, net	374		374
Loan origination costs, net	3,314		3,314
Other assets	1,937		1,937
Total Assets	\$ 1,150,233	\$ 2,076	\$ 1,152,309
Liabilities and Stockholders Equity			
Liabilities			
Reserve for losses and loss adjustment expenses	\$ 130,310		\$ 130,310
Unearned premiums	72,494		72,494
Reinsurance payable	7,359	4,074	11,433
Accounts payable and accrued expenses	7,088		7,088
Notes payable	138,368		138,368
Dividends payable	1,719		1,719
Other liabilities	5,329		5,329
Total liabilities	362,667	4,074	366,741
Stockholders Equity			
Series A preferred stock, \$.01 par value, 5,750,000 shares authorized, 5,000,000 shares issued and outstanding at September 30, 2008 and December 31, 2007; liquidation preference of \$25 per share plus accrued but unpaid dividends	119,108		119,108
Common stock, \$.01 par value, 100,000,000 shares authorized, 56,451,884 and 56,461,465 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	564		564
Additional paid-in capital	917,617		917,617
Accumulated other comprehensive loss	(2,997)		(2,997)
Accumulated deficit	(246,726)	(1,998)	(248,724)
Total stockholders equity	787,566	(1,998)	785,568
Total liabilities and stockholders equity	\$ 1,150,233	\$ 2,076	\$ 1,152,309

Consequences of Adjustments

In light of this error, the Company's unaudited financial statements previously included in the Company Quarterly Report on Form 10-Q for the period ended September 30, 2008 should no longer be relied upon. The Audit Committee has discussed the matters disclosed in this Current Report on Form 8-K with its independent registered public accounting firm, PricewaterhouseCoopers LLP.

Internal Controls over Financial Reporting

In addition, the Company also is reporting that its disclosure controls and procedures were not effective as of September 30, 2008, as it identified a material weakness in its internal controls over financial reporting due to this error. Accordingly, the Company did not maintain effective internal controls over the accounting for loss and loss adjustment expense and payment from its reinsurers. Specifically, the Company did not maintain effective controls to ensure that its receipt of payments from reinsurers were properly recorded at September 30, 2008, and its ultimate retention per catastrophic event was recorded in accordance with the underlying reinsurance contract and generally accepted accounting principles. The Company had an effective control in place related to this error for the annual reporting period. Additionally, the Company performed a rigorous review of its retention limits under its existing reinsurance contracts in conjunction with the preparation of its annual consolidated financial statements. During the fourth quarter of 2008, the Company also implemented an additional control to remediate this material weakness, and a description of this additional control will be set forth in greater detail in the Quarterly Report on Form 10-Q/A to be filed with the Securities and Exchange Commission.

Section 5 Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Increase in Board Size; Appointment of New Director

On March 12, 2009, the Board of Directors of the Company increased the number of directors constituting the Board of Directors from eleven to twelve. At the same time, the Board of Directors elected Jess T. Hay to fill the vacancy created by the increase in the number of directors constituting the Board of Directors. Mr. Hay also was appointed to the Nominating and Corporate Governance Committee of the Board of Directors. A brief biography of this new director follows.

Mr. Hay served as Chief Executive Officer and Chairman of Lomas Financial Group from 1969 to 1994. Mr. Hay also served as Chief Executive Officer and Chairman of Lomas Mortgage USA. He currently serves as Chairman of HCB Enterprises Inc. He also has been a director of Viad Corp. since 1981 and has been its presiding director since January 1, 2005. He has been a director of Trinity Industries Inc. since 1965. He also currently serves as Director of Moneygram International Inc and served as its Lead Director until April 25, 2008. He served as a Director of AT&T Inc. (formerly SBC Communications, Inc.) from 1986 to 2004 and Exxon Mobil Corporation from 1981 to 2001. He has been Chairman of the Texas Foundation for Higher Education since 1987.

Mr. Hay is not a party to any arrangement or understanding with any person pursuant to which he was appointed as a director, nor is he a party to any transaction, or series of transactions, required to be disclosed pursuant to Item 404(a) of Regulation S-K.

2008 Bonuses

On March 12, 2009, the Compensation Committee of the Board of Directors granted a bonus of \$50,000 to Corey Prestidge, Secretary and General Counsel of the Company, and a bonus of \$55,000 to Greg Vanek, President and Chief Executive Officer of NLASCO, Inc., a wholly-owned subsidiary of the Company. The bonus awarded to Mr. Vanek was discretionary and not under the incentive compensation plan for 2008, as the minimum thresholds under the incentive plan with respect to NLASCO, Inc. were not achieved in 2008.

2009 Compensation

On March 12, 2009, the Compensation Committee of the Board of Directors determined to maintain the current salaries of each of the named executive officers of the Company during 2009, except for Mr. Prestidge. With respect to Mr. Prestidge, the Compensation Committee of the Board of Directors approved an increase in Mr. Prestidge's salary from \$225,000 per year to \$275,000 per year, which is commensurate with the salaries of the other named executive officers of the Company, other than the Chief Executive Officer of the Company.

The Compensation Committee also determined to maintain the discretionary basis of incentive and bonus compensation for the named executive officers at Hilltop Holdings Inc. With respect to incentive compensation for the named executive officers at NLASCO, Inc., including Mr. Vanek, the Compensation Committee approved the following thresholds for calendar year 2009:

- Maximum - a 2009 combined ratio⁽¹⁾ of 84% or less, a maximum of 75% of the named executive officer's salary;

(1) Loss ratios are ratios that express the relationship of losses to premiums. Loss and loss adjustment expense ratio is loss and loss adjustment expenses divided by net premiums earned for the same period. Policy acquisition and other underwriting expense ratio is policy acquisition and other underwriting expense divided by net premiums earned for the same period. Combined ratio gives you the sum of both previous ratios.

- Target - a 2009 combined ratio above 84%, but 90% or lower, a maximum of 50% of the named executive officer's salary; and
- Threshold - if the 2009 combined ratio is over 90%, but the non-catastrophe loss and loss adjustment expense ratio(2) is 42% or less, then a maximum of 25% of the named executive officer's salary.

The Board of Directors ratified the actions of the Compensation Committee at its March 12, 2009 meeting.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On March 12, 2009, the Board of Directors of the Company amended and restated the Company's bylaws to, among other things, reflect the name change of the Company, address recent developments in corporate governance, to conform the bylaws to the requirements of Maryland law and to make certain other enhancements, clarifications and technical corrections. Among the changes effected by the amendment and restatement are the following:

- the expansion of information required to be provided by stockholders submitting proposals, including disclosure of any hedging or similar transactions or agreements and inclusion of procedures for the verification of information provided by the stockholder making the proposal;
- revisions to provisions that relate to special meetings requested by stockholders that clarify, among other items, that the chairman of the meeting may in certain situations adjourn the meeting without any action on the matter for which the meeting was called;
- the addition of a provision that authorizes the Board of Directors or stockholders to ratify any action or inaction by the Company or its officers to the extent that the Board of Directors or stockholders could have originally authorized the matter;
- the deletion of the provision that required the annual meeting of stockholders to be held within a specified 31-day period, and clarification that the annual meeting of stockholders shall be held on a date and at a time set by the Board of Directors;
- the addition of provisions permitting householding of stockholder meeting notices and the express authority to postpone or cancel stockholder meetings;
- the addition of a provision to address meeting, notice and quorum requirements in emergency situations;
- the clarification of provisions related to uncertificated shares consistent with the requirements of the New York Stock Exchange that all listed securities be eligible to participate in the Direct Registration System and deletion of provisions regarding content and signature requirements of certificates;
- the deletion of outdated provisions related to the closing of transfer books; and

- clarification that the right of directors and officers to indemnification vests immediately upon their election and are not altered by subsequent bylaw amendments.

The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Company's Second Amended and Restated Bylaws that is being filed with this Current Report on Form 8-K as Exhibit 3.2 and is incorporated herein by reference.

(2) The non-catastrophe loss ratio is defined as the loss and loss adjustment expense ratio excluding Property Claim Service identified catastrophes that result in a loss to NLASCO, Inc. of \$125,000 or more.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Shell company transactions.

Not applicable.

(d) Exhibits.

The following exhibits are filed or furnished, depending on the relative item requiring such exhibit, in accordance with the provisions of Item 601 of Regulation S-K and Instruction B.2 to this form.

Exhibit Number	Description of Exhibit
3.2	Second Amended and Restated Bylaws of Hilltop Holdings Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Hilltop Holdings Inc.,
a Maryland corporation

Date: March 16, 2009

By: /s/ COREY PRESTIDGE
Name: Corey G. Prestidge
Title: General Counsel & Secretary

INDEX TO EXHIBITS

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