

CECO ENVIRONMENTAL CORP
Form DEF 14A
April 13, 2009
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

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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
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CECO ENVIRONMENTAL CORP.

(Name of Registrant as Specified in Its Charter)

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Table of Contents

CECO ENVIRONMENTAL CORP.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 21, 2009

To the Stockholders of CECO Environmental Corp.

Notice is hereby given that the annual meeting of the stockholders of CECO Environmental Corp. (CECO or the Company) will be held at the Sheraton Cincinnati Airport Hotel, 2826 Terminal Drive, Hebron, Kentucky 41048 on May 21, 2009 at 10:30 A.M., eastern time, for the following purposes:

1. to elect 7 directors;
2. to approve our Employee Stock Purchase Plan;
3. to approve an amendment to our 2007 Equity Incentive Plan;
4. to ratify the appointment of BDO Seidman, LLP as the independent registered public accounting firm of CECO Environmental Corp. for fiscal year 2009; and
5. to transact such other business as may properly come before the meeting or any adjournments thereof.

Stockholders of record at the close of business on April 7, 2009, are entitled to notice of and to vote at the annual meeting.

Your attention is directed to the accompanying Proxy Statement and proxy.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE.

By Order of the Board of Directors

/s/ Phillip DeZwirek
Phillip DeZwirek
Chairman of the Board of Directors and

Chief Executive Officer

April 15, 2009

Table of Contents

Table of Contents

	Page
<u>NOTICE OF ANNUAL MEETING</u>	Cover
<u>PROXY STATEMENT</u>	1
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	2
<u>Directors and Nominees</u>	2
<u>Board of Directors and Its Committees</u>	4
<u>Report of the CECO Board of Directors Audit Committee</u>	6
<u>Security Ownership of Certain Beneficial Owners</u>	8
<u>Security Ownership of Management</u>	9
<u>Section 16(A) Beneficial Ownership Reporting Compliance</u>	11
<u>Certain Transactions</u>	11
<u>Executive Compensation</u>	12
<u>PROPOSAL 2: APPROVAL OF THE EMPLOYEE STOCK PURCHASE PLAN</u>	23
<u>PROPOSAL 3: APPROVAL OF THE FIRST AMENDMENT TO 2007 EQUITY INCENTIVE PLAN</u>	26
<u>PROPOSAL 4: APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	30
<u>ADDITIONAL INFORMATION</u>	35

Table of Contents

April 15, 2009

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 21, 2009**

The enclosed proxy is solicited by the Board of Directors of CECO Environmental Corp., a Delaware corporation ("CECO" or the "Company"), to be voted at the annual meeting of stockholders to be held at 10:30 a.m. at the Sheraton Cincinnati Airport Hotel, 2826 Terminal Drive, Hebron, Kentucky 41048, on May 21, 2009, or any postponement or adjournment thereof ("Annual Meeting"). The mailing address of the principal office of CECO is 3120 Forrer Street, Cincinnati, Ohio 45209. These proxy solicitation materials and CECO's Annual Report for the year ended December 31, 2008, including financial statements, were first mailed to stockholders entitled to notice of and to vote at the Annual Meeting on or about April 15, 2009.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to Be Held on May 21, 2009 – our Annual Report to Stockholders and this Proxy Statement are available at www.cecoenviro.com/CECO/InvestorInformation.html.

Who Can Vote

Only stockholders of record at the close of business on April 7, 2009 are entitled to notice of and to vote at the Annual Meeting. As of April 1, 2009, we had 14,282,331 outstanding shares of CECO common stock. Each share of our common stock outstanding on the record date will be entitled to cast one vote.

Revocability of Proxies

A stockholder returning a proxy may revoke it at any time prior to exercise of the proxy at the Annual Meeting by executing and delivering a later-dated proxy which is voted at the Annual Meeting, by voting in person at the Annual Meeting or by delivering written notice to the Secretary of CECO at any time before the proxy is exercised. A proxy returned by a stockholder which is not subsequently revoked will be voted in accordance with the instructions indicated thereon. If you hold shares through a bank or brokerage firm, you must contact the firm to revoke any prior voting instructions.

Quorum Required

In order for business to be conducted, a quorum must be represented at the Annual Meeting. The majority of the shares of common stock outstanding on the record date must be present in person or by proxy to have a quorum. Shares represented by a proxy in which authority to vote for any matter considered is withheld, a proxy marked "abstain" or a proxy as to which there is a "broker non-vote" will be considered present at the meeting for purposes of determining a quorum.

Required Vote to Elect Directors

Directors will be elected by a plurality of the votes cast at the Annual Meeting, meaning the 7 nominees receiving the most votes will be elected. Only votes cast for a nominee will be counted. Unless indicated otherwise by your proxy, the shares will be voted for the 7 nominees named in this proxy statement. Instructions on the accompanying proxy to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes but will not count as a vote against the nominees.

Table of Contents

Required Votes to Pass Other Proposals

In order to approve the Employee Stock Purchase Plan, to approve the First Amendment to the 2007 Equity Incentive Plan and to ratify the selection of BDO Seidman, LLP as the independent registered public accounting firm of CECO, an affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Annual Meeting is required. For these proposals, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. Broker non-votes on a proposal (shares held by brokers that do not have discretionary authority to vote on the matter and have not received voting instructions from their clients) are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved that proposal.

Other Information

Banks and brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on the proposals to approve the Employee Stock Purchase Plan or the First Amendment to the 2007 Equity Incentive Plan, but may vote their clients' shares on the election of directors and the ratification of BDO Seidman, LLP as our independent registered public accounting firm. If no instructions are indicated on a duly executed and returned proxy, the shares represented by the proxy will be voted FOR the ratification of the 7 nominees for director proposed by the Board of Directors and set forth herein, FOR the approval of the Employee Stock Purchase Plan, FOR the approval of the First Amendment to the 2007 Equity Incentive Plan, and FOR the ratification of the appointment of BDO Seidman, LLP as the independent registered public accounting firm of CECO for fiscal year 2009, and in accordance with the judgment of the persons named in the proxy as to such other matters as may properly come before the Annual Meeting.

PROPOSAL 1

ELECTION OF DIRECTORS

Directors and Nominees

The names of, and certain information with respect to, the nominees of the Board of Directors for election as directors, to serve until the 2010 annual meeting of stockholders and until their successors are elected and qualify, are set forth below. All nominees are currently CECO directors. If, for any reason, any nominee should become unable or unwilling to serve as a director, the persons named in the enclosed proxy may exercise their discretion to vote for any substitute proposed by the Board of Directors.

Each of our directors other than Mr. Blum, Mr. Jason DeZwirek, and Mr. Phillip DeZwirek qualify as independent in accordance with the published listing requirements of NASDAQ. The NASDAQ independence definition includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. In addition, the Board of Directors has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Table of Contents

The following table shows information as of April 1, 2009 with respect to each person who is a director.

Name	Age	Position
Phillip DeZwirek	71	Chief Executive Officer, Chairman of the Board and Director
Richard J. Blum	62	President and Director
Jason DeZwirek	38	Secretary and Director
Arthur Cape ¹	72	Director
Thomas J. Flaherty ²	71	Director
Ronald Krieg ¹	66	Director
Donald Wright ^{1,2}	71	Director

¹ Member of the Audit Committee

² Member of the Compensation Committee

Phillip DeZwirek became a director, the Chairman of the Board and the Chief Executive Officer of the Company in August 1979. Mr. DeZwirek also serves as a member of the boards of directors of the Company's subsidiaries. In addition to serving as our Chief Executive Officer, Chairman and Treasurer, Mr. DeZwirek's principal occupations during the past five years have been serving as President of Icarus Investment Corp., an Ontario corporation formerly known as Can-Med Technology, Inc. d/b/a Green Diamond Oil Corp. (Icarus Ontario) (since 1990) and a director and the Chairman, Chief Executive Officer and Treasurer of API Electronics Group, Corp. (since May 2002) and a director and the Chairman of its parent, API Nanotronics Corp. (since November 2006), a publicly traded company (OTCBB:APIA) engaged in the manufacture of electronic components and systems for the defense and communications industries. Mr. DeZwirek is also involved in private investment activities. Mr. DeZwirek is the father of Mr. Jason DeZwirek.

Richard J. Blum became the President and a director of the Company on July 1, 2000 and the Chief Executive Officer and President of CECO Group, Inc. on December 10, 1999. Mr. Blum has been a director of The Kirk & Blum Manufacturing Company (Kirk & Blum) since February 28, 1975. Mr. Blum also serves as Chief Executive Officer of the Company's subsidiaries Effox, Inc. and GMD Environmental Technologies, Inc., and serves on the boards of directors of the Company's subsidiaries. Mr. Blum is also a director of The Factory Power Company, a company of which CECO owns a minority interest and that provided steam energy to various companies, including CECO. Mr. Richard Blum is the brother of Mr. David Blum, our Senior Vice President.

Jason DeZwirek, the son of Phillip DeZwirek, became a director of the Company in February 1994. He became Secretary of the Company on February 20, 1998. He also serves as a member of the boards of directors of the Company's subsidiaries. Mr. DeZwirek's principal occupation since October 1999 has been as an officer and director of Kaboose Inc., an online media company servicing the children and family markets that trades on the Toronto Stock Exchange (TSX:KAB). Mr. DeZwirek currently serves as Chairman and Chief Executive Officer of Kaboose Inc. Mr. DeZwirek also is a director and the Secretary of API Nanotronics Corp. (OTCBB:APIA).

Arthur Cape has served as a director since May 25, 2005. He has also served on the Audit Committee since such date. Mr. Cape has served the manufacturing industry for over 30 years. Since 1991 he has served as Director of International Sales for Shymac Innovative Marketing, located in Montreal, Canada, and Director of Sales for AJB Continental, located in San Antonio Texas. Shymac Innovative Marketing is a distributor of automotive after-market products and AJB Continental is a distributor of professional hair styling tools. Since June 20, 2007, Mr. Cape has served as a director and a member of the Audit Committee of API Nanotronics Corp. (OTCBB:APIA). Mr. Cape also acts as a consultant for several factories in China in the manufacturing and injection molding of plastic articles. He has been active in youth awareness programs and has served on various youth committees in Canada.

Table of Contents

Thomas J. Flaherty became a director of the Company on May 10, 2004. He has served on our Compensation Committee since December 1, 2005. Mr. Flaherty retired as COO and Board member of Fairchild Corp. in 1999. He spent forty years in various major industrial and aerospace corporations with worldwide responsibilities. His primary expertise is in operations, and in addition to serving as COO of Fairchild, has served as President and COO of IMO Industries, CEO, President and Board member of Transnational Industries, Senior Vice President of Pratt & Whitney, and Executive Vice President of Hamilton Standard, both divisions of United Technologies. He has served on boards both in the United States and internationally and is currently sitting on four boards of not-for-profit companies.

Ronald E. Krieg has served as a director of CECO since April 20, 2005. Mr. Krieg has served on the Audit Committee since such time and, as of July 11, 2005, has served as Chairman of the Audit Committee. Mr. Krieg is a Certified Public Accountant. Mr. Krieg is affiliated with and had been an audit partner of Jackson, Rolfes, Spurgeon & Co. from August 1, 2004 through December 31, 2008. From 1965 through July 31, 2004, he was with Grant Thornton LLP, other than for two years when he served in the United States Marine Corps. He became a partner of Grant Thornton LLP in 1978. Mr. Krieg has spent nearly 40 years in the practice of public accounting with a national firm, with considerable experience in the areas of Sarbanes-Oxley and internal auditing. He is a past president of the Cincinnati Chapter of the Institute of Internal Auditors and has served on its Board of Governors for over 30 years. He also has served as a director of Pomeroy IT Solutions, Inc. a public company that trades on The NASDAQ Global Market under the symbol PMRY since December 9, 2005, and serves on its Audit Committee.

Donald A. Wright became a director of CECO on February 20, 1998. Mr. Wright has also been a member of the Audit Committee since February 20, 1998 and the Compensation Committee since its formation on December 1, 2005. Mr. Wright has been a principal of and real estate broker with The Phillips Group in San Diego, California, a company which is a real estate developer and apartment building syndicator, since 1992. From November 1996 through January of 2005, Mr. Wright served as a real estate broker with Prudential Dunn Realtors in Pacific Beach, California. Since January 2005, he has been an associate real estate broker with One Source Realty GMAC in San Diego California, which was purchased by Coldwell Banker Residential Brokerage in July 2007. On February 15, 2006, Mr. Wright became a director of Rubincon Ventures Inc., now known as API Nanotronics Corp. (OTCBB:APIA), and serves on its Audit Committee and Compensation Committee.

In order to be elected, a nominee must receive a plurality of the votes cast at the meeting in person or by proxy. **The Board of Directors recommends a vote FOR approval of the election of the nominees named herein as directors.**

Board of Directors and Its Committees

During the fiscal year ended December 31, 2008, the Board of Directors held four meetings. Six directors attended the 2008 annual meeting. All directors attended at least 75% of the meetings of the Board of Directors and the Committees on which they served during the fiscal year ended 2008. During such period, action also has been taken by unanimous written consent of the Board of Directors. The independent directors held two meetings in 2008 and, in accordance with NASDAQ rules, the independent directors will continue to have separate scheduled meetings without the non-independent directors present.

Audit Committee

The Company has a separately designated Audit Committee, as defined in §3(a)(58)(A) of the Securities Exchange Act of 1934 (the Exchange Act). The members of the Audit Committee are Directors Krieg, Cape and Wright. Director Krieg serves as Chairman of the Audit Committee. The Board of Directors has determined that Director Krieg qualifies as an audit committee financial expert as described by Item 407(d)(5) of Regulation

Table of Contents

S-K of the Exchange Act and that each of the Audit Committee members is independent under the applicable NASDAQ listing standards. The Audit Committee held six meetings in 2008. During 2008 action also has been taken by written consent of the Audit Committee. See the Audit Committee Report below.

Compensation Committee

Our Compensation Committee is comprised of Directors Flaherty and Wright. The Compensation Committee operates under a written charter, which can be found attached as Exhibit A to our Proxy Statement for our 2007 annual meeting. The Compensation Committee held four meetings in 2008 and has also taken action by unanimous written consent during such period. The primary purpose of the Compensation Committee is to review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer and to approve or make recommendations to the Board with respect to the compensation of our other executive officers. The Compensation Committee also administers the Company's 2007 Equity Incentive Plan. The Compensation Committee's processes and procedures for the consideration and determination of executive and director compensation are discussed in the section entitled *Executive Compensation* below. See the *Compensation Committee Report* and the *Compensation Discussion and Analysis* in the section entitled *Executive Compensation* below.

Nomination Process

The Company does not have a standing nominating committee. The Board of Directors does not believe that it is necessary to form a standing nominating committee given that we require director nominees to be selected, or be recommended for the Board of Directors' selection, by a majority of the independent members of the Board of Directors.

In lieu of a nominating committee charter, the Board of Directors adopted a Director Nomination Policy on September 28, 2004. A copy of the Director Nomination Policy can be found attached as Exhibit A to our Proxy Statement for our 2008 annual meeting.

We also have adopted a policy with respect to director candidates recommended by stockholders. The independent directors will consider director candidates recommended by stockholders for inclusion on the slate of directors recommended to the Board of Directors. Any stockholder may submit one candidate for consideration at each stockholder meeting at which directors are to be elected. Stockholders wishing to recommend a candidate must submit the recommendation no later than one hundred and twenty (120) days before the date our proxy statement is released to stockholders in connection with the previous year's annual meeting of stockholders, provided, that if we did not hold any annual meeting in the previous year, or if the date of the next annual meeting has been changed by more than thirty (30) days from the date of the previous year's meeting, then the deadline will be a date that is a reasonable time before we begin to print and mail our proxy materials, but in no event less than ninety (90) days prior to such mailing. Recommendations must be sent to the following address: CECO Environmental Corp., 3120 Forrer Street, Cincinnati, OH 45209, Attention: Secretary.

At the time the stockholder submits the recommendation for a director candidate, the stockholder must provide the following:

All information about the candidate that we would be required to disclose in a proxy statement in accordance with the rules of the Securities Exchange Act of 1934 (the Exchange Act).

Certification from the candidate that he or she meets the requirements to be (a) independent under the NASDAQ standards and (b) a non-management director under the Exchange Act.

Consent of the candidate to serve on the Board of Directors, if nominated and elected.

Agreement of the candidate to complete, upon request, questionnaire(s) customary for our directors.

Table of Contents

The independent directors will evaluate candidates recommended by stockholders on the same basis as candidates recommended by other sources, including evaluating the candidate against the standards and qualifications set out in our Director Nomination Policy as well as any other criteria approved by the Board of Directors from time to time. The independent directors will determine whether to interview any candidate.

When evaluating a person for nomination for election to the Board of Directors, the qualifications and skills considered by the Board of Directors, including the independent Board members, include:

Whether or not the person will qualify as a director who is independent under applicable laws and regulations, and whether the person is qualified under applicable laws and regulations to serve as a director of CECO.

Whether or not the person is willing to serve as a director, and willing to commit the time necessary for the performance of the duties of a director.

The contribution that the person can make to the Board of Directors, with consideration being given to the person's business experience, education and such other factors as the Board of Directors may consider rele