

NEW PEOPLES BANKSHARES INC
Form DEF 14A
July 24, 2009
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

(Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- O Preliminary Proxy Statement
- O Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- X Definitive Proxy Statement
- O Definitive Additional Materials
- O Soliciting Material Under Rule 14a-12

NEW PEOPLES BANKSHARES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- X No fee required.
- O Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (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):
 - (4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
 - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

NEW PEOPLES BANKSHARES, INC.

67 Commerce Drive

Honaker, Virginia 24260

Dear Shareholder:

You are cordially invited to attend the 2009 Annual Meeting of Shareholders of New Peoples Bankshares, Inc. (the "Company") to be held on Thursday, August 27, 2009 at 6:00 p.m. at the main office of New Peoples Bank, 53 Commerce Drive, Honaker, Virginia 24260. At the Annual Meeting, you will be asked to elect four directors for terms of three years each. Enclosed with this letter are a formal notice of the Annual Meeting, a Proxy Statement and a proxy.

Whether or not you plan to attend the Annual Meeting, *it is important that your shares be represented and voted*. Please complete, sign, date and return the enclosed proxy promptly using the enclosed postage-paid envelope. The enclosed proxy, when returned properly executed, will be voted in the manner directed in the proxy.

We hope you will participate in the Annual Meeting, either in person or by proxy.

Sincerely,

/s/ Jonathan H. Mullins

Jonathan H. Mullins
President and Chief Executive Officer

Honaker, Virginia

July 24, 2009

NEW PEOPLES BANKSHARES, INC.

67 Commerce Drive

Honaker, Virginia 24260

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders (the "Annual Meeting") of New Peoples Bankshares, Inc. (the "Company") will be held on Thursday, August 27, 2009 at 6:00 p.m. at the main office of New Peoples Bank, 53 Commerce Drive, Honaker, Virginia 24260, for the following purposes:

1. To elect four directors to serve for terms of three years each expiring at the 2012 annual meeting of shareholders; and
2. Act upon such other matters as may properly come before the Annual Meeting.

Only holders of shares of Common Stock of record at the close of business on June 30, 2009, the record date fixed by our Board of Directors, are entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors

/s/ John D. Maxfield

John D. Maxfield
Secretary

July 24, 2009

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON AUGUST 27, 2009.**

The proxy statement and the fiscal 2009 annual report to stockholders on Form 10-K are available at <https://www.newpeoplesbank.com/2009annualmeeting.php>.

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NEW PEOPLES BANKSHARES, INC.

67 Commerce Drive

Honaker, Virginia 24260

PROXY STATEMENT

2009 ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to holders of the common stock, par value \$2.00 per share ("Common Stock"), of New Peoples Bankshares, Inc., in connection with the solicitation of proxies by our Board of Directors to be used at the 2009 Annual Meeting of Shareholders (the "Annual Meeting") to be held on Thursday, August 27, 2009 at 6:00 p.m. at the main office of New Peoples Bank, 53 Commerce Drive, Honaker, Virginia 24260, and any duly reconvened meeting after adjournment thereof.

Any shareholder who executes a proxy has the power to revoke it at any time by written notice to our Secretary, by executing a proxy dated as of a later date, or by voting in person at the Annual Meeting. It is expected that this Proxy Statement and the enclosed proxy card will be mailed on or about July 24, 2009 to all shareholders entitled to vote at the Annual Meeting.

The cost of soliciting proxies for the Annual Meeting will be borne by us. We do not intend to solicit proxies other than by use of the mails, but certain officers and our regular employees or our subsidiaries, without additional compensation, may use their personal efforts, by telephone or otherwise, to obtain proxies. We may also reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in forwarding proxy materials to the beneficial owners of shares of Common Stock.

To reduce the expenses of delivering duplicate proxy materials to shareholders, we are relying upon SEC rules that permit us to deliver only one proxy statement and annual report to multiple shareholders who share an address unless we received contrary instructions from any shareholder at that address. All shareholders sharing such an address will continue to receive separate proxy cards based on their registered ownership of Common Stock. Any shareholder sharing such an address who does not receive an individual proxy statement and annual report may write or call New Peoples Bank Shareholder Services as specified below and we will promptly send the materials to the shareholder at no cost. For future meetings, a shareholder may request separate copies of our proxy statement and annual report, or request that we only send one set of these materials if the shareholder is receiving multiple copies, by contacting New Peoples Bank Shareholder Services, P.O. Box 1810, Honaker, Virginia 24260, or by telephoning NPB Shareholder Services locally at 276.873.7038, or toll-free at 866.NPB.GROW (866.672.4769), extension 7038.

On June 30, 2009, the record date for determining those shareholders entitled to notice of and to vote at the Annual Meeting, there were 10,008,962 shares of Common Stock issued and outstanding. Each outstanding share of Common Stock is entitled to one vote on all matters to be acted upon at the Annual Meeting. A majority of the shares of Common Stock entitled to vote, represented in person or by proxy, constitutes a quorum for the transaction of business at the Annual Meeting.

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A shareholder may abstain or (only with respect to the election of directors) withhold his or her vote (collectively, "Abstentions") with respect to each item submitted for shareholder approval. Abstentions will be counted for purposes of determining the existence of a quorum. Abstentions will not be counted as voting in favor of the relevant item, and generally will have no effect on whether or not the item is approved.

A broker who holds shares in "street name" has the authority to vote on certain items when it has not received instructions from the beneficial owner. Except for certain items for which brokers are prohibited from exercising their discretion, a broker is entitled to vote on matters presented to shareholders without instructions from the beneficial owner. "Broker shares" that are voted on at least one matter will be counted for purposes of determining the existence of a quorum for the transaction of business at the Annual Meeting. Where brokers do not have or do not exercise such discretion, the inability or failure to vote is referred to as a "broker nonvote." Under the circumstances where the broker is not permitted to, or does not, exercise its discretion, assuming proper disclosure to us of such inability to vote, broker nonvotes will not be counted as voting in favor of or against the particular matter, and therefore will have no effect on whether or not an item is approved. "Broker shares" that are not voted on any matter at the Annual Meeting will not be counted for purposes of determining the existence of a quorum.

The Board of Directors is not aware of any matters other than those described in this Proxy Statement that may be presented for action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting, the

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persons named in the enclosed proxy possess discretionary authority to vote in accordance with their best judgment with respect to such other matters.

PROPOSAL ONE

ELECTION OF DIRECTORS

The Board of Directors consists of 13 current members, four of whom are nominated for election as directors at the Annual Meeting to serve for terms of three years each expiring on the date of the annual meeting of shareholders in 2012. Nine other directors are serving terms that end in either 2010 or 2011, as indicated below.

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Common Stock cast in the election of directors. If the proxy is executed in such manner as not to withhold authority for the election of any or all of the nominees for directors, then the persons named in the proxy will vote the shares represented by the proxy for the election of the four nominees named below. If the proxy indicates that the shareholder wishes to withhold a vote from one or more nominees for director, such instructions will be followed by the persons named in the proxy.

Each nominee has consented to being named in this Proxy Statement and has agreed to serve if elected. The Board of Directors has no reason to believe that any of the nominees will be unable or unwilling to serve. If, at the time of the Annual Meeting, any nominee is unable or unwilling to serve as a director, votes will be cast, pursuant to the enclosed proxy, for such substitute nominee as may be nominated by the Board of Directors. There are no current arrangements between any nominee and any other person pursuant to which a nominee was selected. No family relationships exist among any of the directors or between any of the directors and executive officers of the Company.

The following biographical information discloses each nominee's age and business experience for the past five years, unless otherwise noted, and the year that each individual was first elected to our Board of Directors or earlier to the Board of Directors of New Peoples Bank, Inc. (the "Bank"), the predecessor to and now a wholly owned subsidiary of the Company.

Nominees for Election for Terms Expiring in 2012

Joe M. Carter, 71, is retired. Prior to retirement in 2008, he was the General Manager of Daugherty Chevrolet in Gate City, Virginia. He has been a director since 1998.

Harold Lynn Keene, 54, is President of Keene Carpet, Inc. and Harold Keene Coal Co., Inc. in Honaker, Virginia. He has been a director since 1998.

John D. Maxfield, 66, is a private investor. He is Secretary of the Company and has been a director since 1998.

Fred W. Meade, 75, is President of Big M Stores, Inc. and West Hills Estates, Inc. in St. Paul, Virginia. He has been a director since 1998.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” THE NOMINEES SET FORTH ABOVE.

Incumbent Directors Whose Terms Expire in 2010

Tim W. Ball, 49, is self-employed as a farmer in Honaker, Virginia. He has been a director since 1999.

Michael G. McGlothlin, 57, is an attorney with Michael G. McGlothlin, Attorney-at-Law in Grundy, Virginia. He has been a director since 1998.

Bill Ed Sample, 75, is self-employed as a farmer in Honaker, Virginia. He has been a director since 1998.

B. Scott White, 63, is self-employed as a farmer in Castlewood, Virginia. He is Chairman of the Board and has been a director since 1998.

Incumbent Directors Whose Terms Expire in 2011

John D. Cox, 52, is the Vice President with Cox Tractor, Inc., a tractor and equipment business, in Kingsport, Tennessee. He has been a director since 1998.

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Charles H. Gent, Jr., 49, is self-employed in the logging and farming industry in Honaker, Virginia. He has been a director since 1998.

A. Frank Kilgore, 56, is an attorney with Frank Kilgore, P.C. in St. Paul, Virginia. He has been a director since 1998.

Stephen H. Starnes, 52, is the owner of Gentech, Inc., in Abingdon, Virginia, since 2003. He has been a director since 1998.

William C. Wampler, Jr., 49, is Managing Member of Wampler Consulting Group, LLC. He is a director of Bassett Furniture Industries, Inc. He has been a member of the State Senate in the Virginia General Assembly since 1988. He has been a director since 2005.

Executive Officers Who Are Not Directors

The following biographical information discloses the age and business experience in the past five years for each of our executive officers.

Jonathan H. Mullins, 52, has served as the Company's and the Bank's President and Chief Executive Officer since May 19, 2009. He had previously served as the Bank's Senior Vice President, Chief Lending Officer and Regional Manager from July 2004 until May 2009. Prior to this, Mr. Mullins served as the Bank's Vice President and Branch Manager starting in 1999.

Frank Sexton, Jr., 59, has served as Executive Vice President and Chief Operating Officer of both the Company and the Bank since December 2003. He had previously served as the Company's Executive Vice President, Chief Financial Officer and Secretary since 2001 and the Bank's Executive Vice President and Cashier since 1998.

C. Todd Asbury, 38, has served as Executive Vice President, Chief Financial Officer, and Treasurer of both the Company and the Bank since May 2009. He served as Senior Vice President, Chief Financial Officer, and Treasurer starting in December 2003.

Security Ownership of Management

The following table sets forth, as of June 30, 2009, certain information with respect to beneficial ownership of shares of Common Stock by each of the members of the Board of Directors, by each of the executive officers named in the "Summary Compensation Table" below and by all directors and executive officers as a group. Beneficial ownership includes shares, if any, held in the name of the individual's spouse, minor children or other relatives of the individual living in such person's home, as well as shares, if any, held in the name of another person under an arrangement whereby the director or executive officer can vest title in himself at once or at some future time.

<u>Name of Beneficial Owner</u>	<u>Common Stock Beneficially Owned</u> ⁽¹⁾	<u>Exercisable Options</u>	<u>Percent</u>
		<u>Beneficially Owned</u> ⁽²⁾	<u>Total Shares Beneficially Owned of Class</u> ⁽³⁾

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C. Todd Asbury	—	21,450	21,450	*	
Tim W. Ball	3,432	16,640	20,072	*	
Joe M. Carter	23,660 ⁽⁴⁾	16,640	40,300	*	
John D. Cox	53,072 ⁽⁵⁾	13,780	66,852	*	
Charles H. Gent, Jr.	27,170 ⁽⁶⁾	10,920	38,090	*	
Kenneth D. Hart	80,080	65,065	145,145		1.41%
Harold Lynn Keene	44,330	8,060	52,390	*	
A. Frank Kilgore	96,720 ⁽⁷⁾	10,920	107,640		1.04%
John D. Maxfield	63,492 ⁽⁸⁾	16,640	80,132	*	
Michael G. McGlothlin	119,167	16,640	135,807		1.32%
Fred W. Meade	38,896 ⁽⁹⁾	16,640	55,536	*	
Bill Ed Sample	29,744 ⁽¹⁰⁾	16,640	46,384	*	
Frank Sexton, Jr.	32,461 ⁽¹¹⁾	48,262	80,723	*	
Stephen H. Starnes	20,810 ⁽¹²⁾	16,640	37,450	*	
William C. Wampler, Jr.	1,300	5,200	6,500	*	
B. Scott White	381,929 ⁽¹³⁾	8,060	389,989		3.78%
All Directors and Executive Officers as a group (16 persons)	1,016,263	308,197	1,324,460		12.84%

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- * Percentage of ownership is less than one percent of the outstanding shares of Common Stock.
- (1) Except as otherwise indicated, each director, director nominee or executive officer has sole voting power and investment power with respect to the shares shown.
 - (2) Includes options that will become exercisable within 60 days on June 30, 2009.
 - (3) Based on 10,008,902 shares of Common Stock issued and outstanding on June 30, 2009
 - (4) Includes 6,901 shares held by Mr. Carter's wife.
 - (5) Includes 12,584 shares held by Mr. Cox's wife and 31,336 shares held by Cox Ford Tractor, Inc. of which Mr. Cox is Vice President.
 - (6) Includes 2,860 shares held by Mr. Gent's wife and 2,860 shares Mr. Gent holds as custodian for his child.
 - (7) Includes 5,200 shares Mr. Kilgore holds as trustee for his grandchildren.
 - (8) Includes 34,320 shares held by Mr. Maxfield's wife, and 572 shares Mr. Maxfield holds as trustee for his grandchildren.
 - (9) Includes 36,036 shares Mr. Meade holds jointly with his wife.
 - (10) Includes 572 shares Mr. Sample's wife holds.
 - (11) Includes 440 shares Mr. Sexton holds jointly with his child.
 - (12) Includes 3,660 shares held by Mr. Starnes' wife and 4,004 shares Mr. Starnes holds as custodian for his children.
 - (13) Includes 57,200 shares held by Mr. White's wife and 2,717 shares Mr. White holds as trustee for his child.

Security Ownership of Certain Beneficial Owners

As of June 30, 2009, the following persons are known to us that beneficially own five percent or more of the Company's stock:

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Richard G. Preservati and N. Karen Preservati Post Office Box 1003, Princeton, West Virginia 24740	550,000	5.50%

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and certain of our officers to file reports with the Securities and Exchange Commission ("SEC") indicating their holdings of, or transactions in, our equity securities. Based on a review of these reports and written representations furnished to us, we believe that our directors and officers complied with all Section 16(a) filing requirements with respect to 2008.

Director Compensation

The following table sets forth, as of December 31, 2008, certain information with respect to director compensation for each of the members of the Board of Directors. The directors did not receive any other compensation during 2008 for their services as directors on the Board.

Director Compensation for 2008

Fees Earned or Paid

in Cash ⁽¹⁾

Name	(\$)	Total (\$)
Tim W. Ball	6,000	6,000
Joe M. Carter		