

MANDALAY RESORT GROUP
Form DEF 14A
May 19, 2003

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

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:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Mandalay Resort Group

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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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):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Proxy Statement
And
Notice Of 2003 Annual
Meeting of Stockholders

Mandalay Resort Group
3950 Las Vegas Boulevard South
Las Vegas, Nevada 89119

Notice of 2003 Annual Meeting of Stockholders

TIME: 10:30 A.M., Las Vegas time, on Thursday, June 26, 2003

PLACE: The Islander Ballroom at Mandalay Bay Resort & Casino

3950 Las Vegas Boulevard South

Las Vegas, Nevada 89119

ITEMS OF BUSINESS: To elect three directors.

To ratify the appointment of Deloitte & Touche LLP as independent auditors to examine and report on our financial statements for the fiscal year ending January 31, 2004.

To transact any other business properly brought before the meeting.

WHO MAY VOTE: You can vote at the meeting or any adjournment(s) of the meeting if you were a stockholder of record at the close of business on April 28, 2003.

ANNUAL REPORT: A copy of the Annual Report to Stockholders is enclosed.

By Order of the Board of Directors

Michael S. Ensign

Chairman of the Board

Las Vegas, Nevada

May 15, 2003

Mandalay Resort Group
3950 Las Vegas Boulevard South
Las Vegas, Nevada 89119

Proxy Statement

This proxy statement is being furnished to our stockholders in connection with the solicitation of proxies on behalf of our Board of Directors for use at our Annual Meeting of Stockholders to be held in the Islander Ballroom at Mandalay Bay Resort & Casino, 3950 Las Vegas Boulevard South, Las Vegas, Nevada, at 10:30 A.M., Las Vegas time, on Thursday, June 26, 2003, and at any and all adjournments of the meeting, for the purpose of considering and acting upon the matters referred to in the accompanying Notice of Annual Meeting of Stockholders and more fully discussed below. The terms we, our, us, and Mandalay, as used in this proxy statement, refer to Mandalay Resort Group.

This proxy statement and the accompanying form of proxy are first being mailed to stockholders on or about May 19, 2003.

Information Concerning the Annual Meeting

What matters will be voted on at the meeting?

At the meeting stockholders will vote on two matters. They are:

The election of nominees to serve on our Board of Directors; and

Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending January 31, 2004.

How does the Board recommend I vote on the proposals?

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The Board recommends that you vote:

FOR each of the three nominees named in this proxy statement; and

FOR ratification of the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending January 31, 2004.

Who is entitled to vote?

Our stockholders of record as of the close of business on April 28, 2003, the record date for the meeting, are entitled to vote at the meeting or any adjournment(s) of the meeting.

How do I cast my vote?

There are two different ways you may cast your vote. You can vote by:

marking, signing and dating a proxy card and returning it in the envelope provided; or

attending the meeting (if you are the registered owner of your shares, or, if your shares are held through a broker, bank or other nominee, you must bring to the meeting a copy of a brokerage statement reflecting your stock ownership as of April 28, 2003).

If I have given a proxy, how do I revoke that proxy?

Your presence at the meeting will not revoke any proxy you may have given. However, you may revoke your proxy (to the extent it has not already been voted at the meeting) if you:

give written notice of the revocation to Mandalay's Corporate Secretary, Yvette E. Landau, at 3950 Las Vegas Boulevard South, Las Vegas, Nevada 89119, which will not be effective until it is received;

submit a properly signed proxy with a later date; or

vote in person at the meeting (if your shares are registered directly on Mandalay's books and not held through a broker, bank, or other nominee).

How will my proxy be voted?

If your proxy in the accompanying form is properly executed, returned to and received by us prior to the meeting and is not revoked, it will be voted in accordance with your instructions. If you return your signed proxy but do not mark the boxes to show how you wish to vote on one or more of the proposals, the shares for which you have given your proxy will, in the absence of your instructions to the contrary, be voted FOR each of the nominees named in the proxy, and FOR ratification of the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending January 31, 2004.

Will my shares be voted if I do not provide my proxy?

Your shares may be voted under certain circumstances if they are held in the name of a brokerage firm or nominee. Under rules currently in effect, brokerage firms and nominees that are members of the New York Stock Exchange have the authority under the exchange's rules to vote their customers' unvoted shares on certain routine matters if the customers have not furnished voting instructions within a specified period prior to the meeting. Under these rules, the election of directors and ratification of the appointment of Deloitte & Touche LLP as our independent auditors are considered to be routine matters. If you hold your shares directly in your own name, they will not be voted if you do not provide a proxy or attend the meeting and vote the shares yourself.

How many votes are needed to elect directors?

The three nominees receiving the highest number of FOR votes will be elected as directors. This is referred to as a plurality.

What if a nominee is unwilling or unable to serve?

That is not expected to occur. If it does, proxies will be voted for a substitute nominee designated by our Board of Directors.

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How many votes are needed to ratify the selection of Deloitte & Touche LLP to examine and report on our financial statements for the fiscal year ending January 31, 2004?

The approval of this proposal requires that the number of shares voted FOR the proposal exceed the number of shares voted AGAINST the proposal.

Are dissenters' rights applicable to either of the matters to be voted on at the meeting?

No. Dissenters' rights do not apply to either matter.

Who will count the vote?

Representatives of Wells Fargo Bank Minnesota, National Association, our transfer agent, will tabulate the votes cast at the meeting.

What does it mean if I get more than one proxy card?

If you have your shares registered in multiple accounts with one or more brokers and/or our transfer agent, you will receive more than one card. Please complete and return each of the proxy cards you receive to ensure that all of your shares are voted.

How many shares can be voted?

As of April 28, 2003, the record date for the meeting, 59,342,260 shares of Mandalay common stock were issued and outstanding. Every holder of Mandalay common stock is entitled to one vote for each share held of record on the record date.

What is a quorum ?

A quorum, for purposes of the meeting, means a majority of the shares of Mandalay common stock outstanding on the record date. This quorum of our shares must be present at the meeting in order for the meeting to be held. For purposes of determining the presence of a quorum, shares will be counted if they are present in person or by proxy. Shares present by proxy will be counted as present for purposes of determining the presence of a quorum even if the proxy does not have authority to vote on all matters.

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Abstentions: Abstentions are not counted in the tally of votes FOR or AGAINST a proposal. A WITHHELD vote is the same as an abstention. Abstentions and withheld votes are counted as shares present at the meeting for purposes of determining the presence of a quorum.

Broker Non-Votes: Broker non-votes occur when shares held by a broker are not voted with respect to a proposal because (1) the broker has not received voting instructions from the beneficial owner of the shares, and (2) the broker lacks the authority to vote the shares at the broker's discretion. Broker non-votes will not affect the outcome of either of the matters being voted upon at the meeting, but will be counted as shares present and entitled to be voted for purposes of determining the presence of a quorum.

Who can attend the Annual Meeting?

All stockholders of Mandalay who owned shares on April 28, 2003 can attend. Just check the box on your proxy and bring the Admission Ticket included in your proxy statement with you to the meeting.

Please note that the Admission Ticket will be required in order to obtain admission to the meeting. Accordingly, the Admission Ticket should not be returned with your proxy. If your shares are held in a brokerage account, you will also need to bring a copy of your brokerage account statement (which you can obtain from your broker) reflecting your stock ownership as of April 28, 2003.

How will voting on any other business be conducted?

We do not know of any business to be considered at the meeting other than the proposals described in this proxy statement. However, if any other business is presented at the meeting, a proxy in the accompanying form will give authority to Michael S. Ensign and Yvette E. Landau to vote on such matters at their discretion and they intend to do so in accordance with their best judgment on any such matter.

Who will pay the cost of this proxy solicitation and how will the solicitation be conducted?

Mandalay will pay the expenses of soliciting proxies in the form included with this proxy statement, including the cost of preparing, assembling and mailing material in connection with the solicitation. In addition to the use of the mail, Mandalay's directors, executive officers and employees may solicit proxies personally or by telephone or telegraph. Mandalay has also hired Altman Group, Inc. to assist in the solicitation of votes at an estimated cost of \$5,500, plus its out-of-pocket expenses. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

Item 1 - Election of Directors and Nominee Biographies

What is the makeup of the Board of Directors?

Our Board of Directors has not less than six and not more than 11 members as determined from time to time by the Board of Directors. The directors, which currently number nine, are divided into three classes, with each class serving for a three-year period. The stockholders elect the members of one of the three classes each year. Each individual who is currently serving as a member of the Board of Directors other than Harold J. Phillips was elected to his or her current term by our stockholders. Mr. Phillips, a certified public accountant, was elected by the Board of Directors on December 5, 2002 to fill the vacancy created by the Board's increase of the number of members from eight to nine.

Is there any member of the class of directors to be elected at the meeting who is not standing for re-election?

No. Each incumbent director whose term expires this year has been nominated for election to serve for an additional three-year term and has agreed to serve if elected.

Who are the Board's nominees this year?

Michael S. Ensign, Glenn W. Schaeffer and Michael D. McKee are our nominees for election to the Board of Directors. Each nominee, if elected, would hold office until our 2006 annual meeting of stockholders and until his or her successor is elected and qualified.

What is the background of this year's nominees?

Our nominees for election to the Board are:

MICHAEL S. ENSIGN

Director since 1995

Age 65

Chairman of the Board and Chief Executive Officer of Mandalay since January 16, 1998

Chief Operating Officer of Mandalay since June 1, 1995

Member of the Executive Committee of Mandalay's Board of Directors

Vice Chairman of the Board of Mandalay from June 1, 1995 until January 16, 1998

Involved in an executive capacity in the management and operations of the entities we refer to as the Gold Strike Entities for a period of more than five years prior to Mandalay's acquisition of those entities and their hotel and casino properties in June 1995

GLENN W. SCHAEFFER

Director since 1996

Age 49

President, Chief Financial Officer and Treasurer of Mandalay since June 1, 1995

Member of the Board of Directors of Mandalay since March 4, 1996

Member of the Compliance Review Committee of Mandalay's Board of Directors

Involved in an executive capacity in the management and operations of the entities we refer to as the Gold Strike Entities from 1993 until Mandalay's acquisition of those entities and their hotel and casino properties in June 1995

President of Mandalay from June 1991 until February 1993

Chief Financial Officer and a director of Mandalay from 1984 until February 1993

MICHAEL D. McKEE

Director since 1996

Age 57

Vice Chairman and Chief Operating Officer of The Irvine Company, a real estate development and investment company, since June 2001

Vice Chairman and Chief Financial Officer of The Irvine Company from July 1999 until June 2001

Executive Vice President and Chief Financial Officer of The Irvine Company from December 1997 until July 1999

Executive Vice President and Chief Legal Officer of The Irvine Company from April 1994 until December 1997

Partner in the law firm of Latham & Watkins from 1987 until April 1994

Chairman of the Audit Committee, and a member of the Compensation Committee, of Mandalay's Board of Directors

Member of the Board of Directors:
Health Care Property Investors, Inc.
Realty Income Corporation

Biographies of Directors Not Standing For Election This Year

Our incumbent directors whose terms expire in 2004 are:

ARTHUR H. BILGER

Director since 1997

Age 50

Managing Member of Shelter Capital Partners LLC, a venture capital firm of which he is a founder, since December 2000

Private investor from 1997 to 2000

President and Chief Operating Officer of New World Communications Group Incorporated, a television broadcasting and production company, for a period of two years until January 1997

Principal of Apollo Advisors, L.P. and Lion Advisors, L.P., entities engaged in the investment of capital in acquisitions and corporate restructurings, from 1990 until he assumed his position with New World Communications Group Incorporated

Chairman of the Executive Committee, and a member of the Audit Committee, of Mandalay's Board of Directors

Director of Mandalay from 1983 until 1989

WILLIAM E. BANNEN, M.D.

Director since 1998

Age 53

Vice President of Nevada Health Care Management, a division of Anthem Blue Cross Blue Shield (Blue Cross Nevada), since January 2000

Vice President of Blue Cross Nevada from January 1998 until January 2000

Medical Director with Blue Cross Nevada since 1991

Director - Network Administration and Health Management with Blue Cross Nevada since 1993

Current positions with Blue Cross Nevada include responsibility for medical quality, provider relations and medical management in the State of Nevada

Chairman of the Compensation Committee, and a member of the Audit Committee, of Mandalay's Board of Directors

ROSE McKINNEY-JAMES

Director since 1999

Age 51

Principal - Energy Works Consulting LLC since March 2002

President - Brown & Partners, a public relations firm, from August 2001 until February 2002

President - Government Affairs of Faiss Foley Merica, a public relations and government affairs firm, from May 2000 until June 2001

President and Chief Executive Officer of the Corporation for Solar Technology and Renewable Resources, a not-for-profit corporation engaged in the development of solar technology, from January 1996 until May 2000

Director of the Nevada Department of Business and Industry, which has administrative oversight of 29 state regulatory agencies, boards and commissions, from October 1993 until December 1995

Member of the Nevada Public Service Commission from January 1989 until October 1993

Chairperson of the Compliance Review Committee and the Diversity Committee of Mandalay's Board of Directors

Member of the Board of Directors:

Employers Insurance Company of Nevada

New Ventures Capital Development Corp.

Our incumbent directors whose terms expire in 2005 are:

WILLIAM A. RICHARDSON

Director since 1995

Age 56

Vice Chairman of the Board of Mandalay since June 18, 1998
Member of the Board of Directors of Mandalay since June 1, 1995

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Member of the Directors Nominating Committee of Mandalay s Board of Directors
Executive Vice President of Mandalay from June 1, 1995 until June 18, 1998
Involved in an executive capacity in the management and operations of the entities we refer to as the Gold Strike Entities for a period of more than five years prior to Mandalay s acquisition of those entities and their hotel and casino properties in June 1995

DONNA B. MORE

Director since 1998

Age 45

President of More Law Group, P.C., a Chicago, Illinois law firm, since January 2001 and a member of such firm since May 2000
Partner in the Chicago, Illinois law firm of Freeborn & Peters from July 1994 until May 2000
Chief Legal Counsel for the Illinois Gaming Board, where she participated in the development and administration of the regulatory process for riverboat casinos in Illinois, from November 1990 until July 1994
Assistant United States Attorney, Criminal Division of the United States Attorney s Office for the Northern District of Illinois from May 1989 until November 1990
Chairperson of the Directors Nominating Committee, and a member of the Compliance Review Committee, of Mandalay s Board of Directors
Member of the Board of Directors:
WMS Industries, Inc.

HAROLD J. PHILLIPS

Director since 2002

Age 55

Audit Partner with Moss Adams LLP, Certified Public Accountants, for a period of more than five years
Member of the Audit Committee of Mandalay s Board of Directors

Executive Officers Other Than Nominees and Directors

Each of our executive officers serves in that capacity at the pleasure of our Board of Directors. Set forth below is information concerning each of the individuals (other than those who are also directors of Mandalay) currently serving as our executive officers.

YVETTE E. LANDAU

Age 46

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Vice President, General Counsel and Secretary of Mandalay since June 1996
Member of the Executive Committee of the Circus and Eldorado Joint Venture, in which Mandalay owns a 50% interest
Member of the Management Committee of Detroit Entertainment, L.L.C., in which Mandalay owns a 53.5% interest
Associate General Counsel of Mandalay from January 1993, when she joined Mandalay, until June 1996
Private practice of law in Phoenix, Arizona as a partner in the law firm of Snell & Wilmer from 1984 until January 1993

LES MARTIN

Age 46

Vice President and Chief Accounting Officer of Mandalay since June 1997
Corporate Controller of Mandalay since November 1994
Manager of Financial Reports of Mandalay from April 1984, when he joined Mandalay, until June 1997
Certified Public Accountant with a national public accounting firm prior to joining Mandalay

Compensation of Directors

Any director who is also an employee of Mandalay or one of its subsidiaries is not separately compensated for his or her services as a director.

Each director who is not an employee of Mandalay or one of its subsidiaries receives \$35,000 each year for his or her services as a director. Each nonemployee director also receives \$1,500 for each meeting of the Board he or she attends and \$1,000 (\$1,500 in the case of the committee chairperson) for each meeting of a committee of the Board attended. They are also reimbursed for out-of-pocket expenses associated with attending meetings.

On June 20, 2002 each of the individuals then serving as a nonemployee director, William E. Bannen, Arthur H. Bilger, Rose McKinney-James, Michael D. McKee and Donna B. More, was granted an option to purchase 10,000 shares of Mandalay common stock at a per share exercise price of \$28.65, the closing price of our common stock on the New York Stock Exchange Composite Tape on the date of the grants. Each option, which has a term of ten years subject to earlier termination upon the occurrence of certain events, becomes exercisable as to 4,000 shares on June 20, 2003, as to an additional 3,000 shares on June 20, 2004 and as to the remaining 3,000 shares on June 20, 2005.

Board Committees and Meeting Attendance

Our Board of Directors has six committees. They are the Executive, Audit, Compensation, Directors Nominating, Compliance Review and Diversity Committees. The Board of Directors has adopted a charter for the Audit Committee. Each committee reports its actions to the full Board at the Board's next regular meeting. A description of the duties of each committee follows the table below.

Committee Membership and Meetings Held in Fiscal 2003

| Name | Executive | Audit* | Compensation | Directors Nominating | Compliance Review | Diversity |
|-----------------------|-----------|--------|--------------|----------------------|-------------------|-----------|
| Michael S. Ensign | X | | | | | |
| William A. Richardson | | | | X | | |
| Glenn W. Schaeffer | | | | | X | |

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| | | | | | | |
|---------------------|-----|-----|---|-----|-----|-----|
| William E. Bannen | | X | | X** | | |
| Arthur H. Bilger | X** | X | | | | |
| Rose McKinney-James | | | | | X** | X** |
| Michael D. McKee | | X** | X | | | |
| Donna B. More | | | | | X** | X |
| Harold J. Phillips | | X | | | | |

Number of Meetings in

| | | | | | | |
|----------------|---|---|---|---|---|---|
| Fiscal 2003*** | 1 | 7 | 2 | 1 | 4 | 4 |
|----------------|---|---|---|---|---|---|

X Member

* Each member of the Audit Committee is independent as the term independence is defined in Section 303.01(B)(2)(a) and (3) of the New York Stock Exchange listing standards.

** Chairperson

*** The Board of Directors held seven meetings in fiscal 2003. Each director attended at least 75% of the meetings of the Board and its committees of which he or she was a member held during fiscal 2003.

The Executive Committee:

Has the full power of the Board during the period between meetings of the Board, except those powers reserved to the Board or delegated by our Bylaws or by the Board to another standing or special committee of the Board or as may be prohibited by law.

The Audit Committee:

Examines the activities of our independent auditors and internal audit department to determine whether these activities are reasonably designed to assure the soundness of accounting and financial procedures;

Reviews our accounting policies and the objectivity of our financial reporting;

Receives reports from our internal auditors and reviews the scope of our internal audit program; and

Considers annually the qualifications of our independent auditors and the scope of their audit and makes recommendations to the Board as to their selection.

The Compensation Committee:

Reviews on a periodic basis, as it determines, the compensation of our officers;

Recommends to the Board appropriate levels (and the appropriate forms) of compensation for our officers; and

Performs such additional functions as the Board may authorize from time to time relating to any stock option, incentive or other benefit plan approved by the Board, including the administration of each of our stock option and stock incentive plans currently in effect.