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SIENA HOLDINGS INC
Form DEF 14A
November 14, 2001

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 ss.240.14a-11(c) or ss.240.14a-12

Siena Holdings, 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):

- No Fee Required
- 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:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value transaction:

5. Total fee paid:

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1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

SIENA HOLDINGS, INC.
5068 West Plano Parkway, Suite 300
Plano, Texas 75093

NOTICE OF ANNUAL MEETING

TO THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of Stockholders of Siena Holdings, Inc. will be held on December 14, 2001 at 10 o'clock EST, at The Hotel DuPont, Wilmington, Delaware, for the following purposes:

1. To elect five directors to serve until the next annual meeting and until their successors are elected and qualified;
2. To ratify the appointment of KPMG LLP as independent public accountants for the Company for the fiscal year ending June 30, 2002; and
3. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only holders of record of Common Stock as of the close of business on November 1, 2001 are entitled to receive notice of and vote at the meeting or any adjournment or adjournments thereof.

By Order of the Board of Directors:

/s/ W. Joseph Dryer

Secretary

Dated at Plano, Texas
October 30, 2001

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON,
PLEASE SIGN, DATE, AND RETURN THE ACCOMPANYING PROXY
PROMPTLY IN THE ENCLOSED POSTAGE PAID RETURN ENVELOPE.

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SIENA HOLDINGS, INC. PROXY STATEMENT

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation by and on behalf of the Board of Directors of Siena Holdings, Inc. (together with its wholly-owned subsidiaries, the "Company") of proxies from the holders of the Company's common stock for use at the Annual Meeting (the "Meeting") to be held on December 14, 2001, and any adjournment or adjournments thereof. The giving of a proxy does not affect your right to vote should you attend the Meeting in person, and the proxy may be revoked at any time before it is voted by giving the Secretary of the Company a signed instrument revoking the proxy or a signed proxy of a later date. Each properly executed proxy not revoked will be voted in accordance with instructions thereon. If no contrary instructions are specified in the proxy, it is the intention of the persons named in the accompanying proxy to vote FOR the election of the nominees named herein as directors of the Company and FOR the matters described in Items 2 and 3 in the Notice of Annual Meeting.

The Company's Annual Report to Stockholders for the fiscal year ended June 30, 2001 (the "Annual Report"), containing audited consolidated financial statements, in the form of the information filed by the Company with the Securities and Exchange Commission on Form 10-K, is being mailed to Stockholders along with the Notice of Annual Meeting and Proxy Statement. The consolidated financial statements and discussion and analysis by management of the Company's financial condition and results of operations contained in the Annual Report are incorporated herein by reference.

The mailing address of the Company's principal executive office is: 5068 West Plano Parkway, Suite 300, Plano, Texas 75093, and the approximate date on which this Proxy Statement and the form of proxy are first being sent to stockholders is November 14, 2001.

Only holders of record of the Company's Common Stock, par value \$.10 per share (the "Common Stock"), at the close of business on November 1, 2001, are entitled to vote at the Meeting, one vote for each share of Common Stock so held. On that date, there were 6 million shares of Common Stock outstanding.

PRINCIPAL STOCKHOLDERS

The following table shows, as of October 30, 2001, the total number of shares of Common Stock owned beneficially by persons or groups, within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, known to the Company to be the beneficial owners of more than 5% of the Common Stock:

-2-

| Name and Address of Beneficial Owner ----- | Shares Beneficially Owned Directly or Indirectly ----- | Percent of Common Stock ----- |
|--|---|-------------------------------------|
| John P. Kneafsey c/o Pathfinder Advisory Services 9515 Deereco Road, Suite 903 Timonium, MD 21093 | 2,844,290 | 47.4% |
| Credit Suisse | 910,509 | 15.2% |

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First Boston Corporation
 11 Madison Avenue
 New York, NY 10010

ELECTION OF DIRECTORS

The five persons named in the following table have been designated as nominees for election to the Board of Directors, each to serve for a one-year term and until his successor is duly elected and qualified. All of the nominees listed below currently serve as directors of the Company. If any of such nominees declines or becomes unable to serve, the persons named in the proxy will vote for the election of any substitute nominee designated by the Board of Directors. The Company has no reason to believe that any nominee will decline or be unable to serve.

| Name, Age, Principal Occupation During Past Five Years, and Other Corporate Directorships ----- | Served as Director Since ----- | Shares Beneficially Owned | |
|--|---|---------------------------|------------------|
| | | Amount ----- | Percent ----- |
| JOHN P. KNEAFSEY - Chairman and Chief Executive Officer of the Company, since October 1996; President, Pathfinder Advisory Services, Inc., since 1997; Senior Vice President-Investments, Prudential Securities, Inc., from 1980 to 1997. Age 54. | 1997 | 2,844,790 | 47.4% |
| ERIK M. BODOW - Chief Administrative Officer, GEM Capital Management, Inc., since 1998, Senior Vice-President, Sagner/Marks, Inc., since 1992-1998; Vice President, First National Bank of Chicago, from 1985 to 1992. Age 58. | 1997 | -- | -- |
| JAMES D. KEMP - Principal, Antaeon Solutions, LLC, since 1997; President and Chief Executive Officer, The Trust Company, N.A., from 1996 to 1997; President and Chief Executive Officer, Kemp Consulting, from 1992 to 1997; President, Ameritrust Texas, N.A., from 1980 to 1992. Age 54. | 1997 | -- | -- |
| MATTHEW S. METCALFE - Chairman and President, Airland Corporation; Director Emeritus, Amsouth Bankcorporation; Member, State of Alabama Oil and Gas Board; Chairman, Mobile Airport Authority. Age 70. | 1997 | 7,129 | 0.1% |
| FRANK B. RYAN - Professor of Mathematics at Rice University (currently on leave); Director, Danielson Holding Corporation; Director, Texas Micro, Inc.; Director, America West Airlines, Inc. Age 65. | 1997 | -- | -- |

-3-

The Board of Directors recommends a vote "FOR" the election of the above

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nominees as directors of the Company.

BOARD ORGANIZATION AND COMPENSATION

The Board of Directors held three meetings during the fiscal year ended June 30, 2001. All directors attended all three meetings. In addition, the Company has an Audit Committee and a Compensation Committee, but does not have a Nominating Committee.

The Audit Committee of the Board of Directors is composed of all four independent members of the Board. The Audit Committee reviews with KPMG LLP, the Company's independent auditors, the audit plan and the internal accounting controls for the Company and its subsidiaries, as well as the Company's consolidated financial statements and management letter. The Audit Committee reports to the full Board of Directors. It also recommends to the Board of Directors the selection of independent auditors for the Company. The Audit Committee held one meeting during the fiscal year ended June 30, 2001. The report of the Audit Committee appears at the end of this Proxy Statement.

-4-

Consistent with the directives of the US Securities & Exchange Commission and with the intent stated in the Company's proxy statement for the previous year, the Company has adopted a charter that will govern the activities of the Audit Committee. The text of such charter appears as Exhibit A to this Proxy Statement.

The Compensation Committee of the Board of Directors, composed of all four independent members of the Board of Directors, did not meet during the fiscal year ended June 30, 2001. This Committee periodically reviews the Company's management compensation and reports its actions or recommendations to the Board of Directors. The Committee also approves the general salary scale for employees of the Company. There were no changes to management compensation during this period.

Compensation of Directors

Directors of the Company receive annual compensation at the rate of \$5,000 and fees of \$1,000 for each directors' meeting attended, plus reimbursement for all reasonable expenses. In addition, at the Annual Meeting of Shareholders on December 16, 1998, the Directors were granted options to purchase certain shares of the Company's common stock, while additional compensation was provided to the non-officer members of the Board, including success-based financial incentives contingent on the sale or liquidation of certain assets of the Company.

EXECUTIVE MANAGEMENT COMPENSATION EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company as of June 30, 2001 and related information are as follows:

John P. Kneafsey, Chairman and Chief Executive Officer (See information under "Election of Directors" above.)

W. Joseph Dryer, President and Chief Accounting Officer since October 4, 1996, prior thereto, Senior Vice-President from January 1995; Secretary/Treasurer of Worldcorp, Inc. from February 1999 to March 2000, President since March 2000; also, President and Director of Russian River Energy Co. from 1992 to 1994; and President and Director of Geothermal Resources International, Inc. since 1994; prior thereto, an Officer since 1984. Age 46.

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-5-

Compensation of Executive Officers

The following table sets forth all compensation paid by the Company for the year ended June 30, 2001 and the year June 30, 2000, and for services rendered in all capacities to the two executive officers of the Company during fiscal year 2001.

| Officer | Period | Base Compensation | Other Cash Compensation | Total Cash Compensation |
|------------------|--------------------|-------------------|-------------------------|-------------------------|
| John P. Kneafsey | Year Ended 6/30/01 | \$128,000 | -- | \$128,000 |
| | Year Ended 6/30/00 | \$128,000 | -- | \$128,000 |
| W. Joseph Dryer | Year Ended 6/30/01 | \$144,000 | \$46,118.18 | \$190,118.18 |
| | Year Ended 6/30/00 | \$144,000 | | \$144,000 |

Security Ownership of Executive Officers

The stock ownership by executive officers of SHI as of October 30, 2001 is as follows:

| Class | Title of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|------------------|---------------------------|---|------------------|
| SHI Common Stock | John P. Kneafsey | 2,844,290 | 47.4% |
| | W. Joseph Dryer | 85,100 | 1.4% |

-6-

APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors appointed the firm of KPMG LLP ("KPMG") to act as independent auditors for the Company for the fiscal year ended June 30, 2001. On May 25, 2001, the Company entered into an agreement with KPMG, which sets forth the aggregate fee at approximately \$46,000 for the audit of the consolidated financial statements for the fiscal year ended June 30, 2001 and for the review of the consolidated financial statements included in the quarterly reports on Forms 10-Q for that fiscal year, as well as September 30, 2001, December 30, 2001 and March 30, 2002. The Company paid \$9600 to KPMG for tax services rendered. No additional fees were billed by KPMG for professional services rendered during fiscal year 2001.

The Board of Directors, upon recommendation of the Audit Committee, has selected the firm of KPMG LLP to audit the consolidated financial statements of the Company for the fiscal year ending June 30, 2002. A representative of KPMG LLP is expected to be present at the Meeting, have an opportunity to make a statement, and be available to respond to appropriate questions.

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The Board of Directors recommends a vote "FOR" the proposal to ratify the appointment of KPMG LLP as independent auditors for the fiscal year ending June 30, 2002.

VOTING PROCEDURES

Each proposal submitted to the Company's stockholders for a vote is deemed approved if a majority of the shares of Common Stock of the Company present in person or by proxy at a meeting at which a quorum is present votes in favor of the proposal. The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum. A stockholder is entitled to one vote for each share owned.

Stockholder votes are tabulated by the Company's Registrar and Transfer Agent. Proxies received by the Registrar, if such proxy is properly executed and delivered, will be voted in accordance with the voting specifications made on such Proxy. Proxies received by the Registrar on which no voting specification has been made by the stockholder will be voted FOR all items discussed in the Proxy Statement, in the manner stated on the proxy card. Stockholders who execute and deliver proxies retain the right to revoke them by notice in writing delivered to the Company's Secretary at any time before such proxies are voted.

Under applicable Delaware corporate law and the Charter and By-Laws of the Company, proxies received by the Registrar specifying an abstention as to any proposal will cause the shares so represented to be counted toward a quorum, but are not counted as favorable votes and, therefore, have the same effect as a vote against the proposal. To the extent holders or brokers having the right to vote shares do not attend the meeting or return a proxy, such shares will not count toward a quorum, and if a quorum is otherwise achieved, will have no effect on the vote of the proposals considered at the meeting which shall be based solely upon the vote of the shares represented at the meeting.

-7-

2002 ANNUAL MEETING OF STOCKHOLDERS

If any stockholder intends to present a proposal for consideration at the 2002 Annual Meeting of Stockholders, such proposal must be received by the Company on or before September 1, 2002, in order to be included in the Company's Proxy Statement and form of proxy for such meeting. Nothing in this paragraph shall be deemed to require the Company to include in its proxy statement and form of proxy relating to the 2002 Annual Meeting of Stockholders any stockholder proposal which does not meet all of the requirements for such inclusion established by the Securities and Exchange Commission at that time in effect.

As of the date of this Proxy Statement, the Board of Directors knows of no matters, other than those stated above, that may be brought before the Meeting. However, if other matters do properly come before the Meeting, the persons named in the enclosed proxy will vote upon them in their discretion and in accordance with their best judgment.

AUDIT COMMITTEE REPORT

The Audit Committee reviews and supervises the Company's procedures for recording and reporting the financial results of its operations on behalf of the Board of Directors. The Company's management has primary responsibility for the consolidated financial statements and the reporting process, including the systems of internal controls.

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The Audit Committee, or its Chair, has reviewed the Company's audited financial statements for the fiscal year ended June 30, 2001 and has discussed those financial statements with the Company's management and the independent auditors.

The Audit Committee, or its Chair, has also discussed with the Company's independent auditors their opinions on the conformity of the Company's financial statements with generally accepted accounting principles. In addition, the Audit Committee received from the independent auditors the written disclosures required by the Independence Standards Board and has discussed with the independent auditors the independence of the Audit Committee from the Company's management.

Based on the reviews and discussion described above, the Audit Committee recommended to the Company's Board of Directors that the audited financial statements for the fiscal year ended June 30, 2001 be included in the Company's Annual Report on Form 10-K for the year then ended to be filed with the Securities and Exchange Commission.

-8-

A copy of the Company's Form 10-K Annual Report as filed with the Securities and Exchange Commission, Washington, D.C., has been provided to each Stockholder of record in connection with the Notice of the Annual Meeting.

The cost of preparing and mailing the Notice of Meeting, Proxy Statement and form of proxy will be paid by the Company. The Company will request banks, brokers, fiduciaries, and similar persons to forward copies of such material to beneficial owners of the Company's common stock in a timely manner and to request authority for execution of proxies, and the Company will reimburse such persons and institutions for their reasonable out-of-pocket expenses incurred in connection therewith. To the extent necessary to assure sufficient representation, officers and regular employees of the Company may solicit the return of the proxies by telephone, telegram, or personal interview. The extent of this solicitation by personal contact will depend upon the response to the initial solicitation by mail. It is anticipated that the costs of such solicitation, if undertaken, will not exceed \$4000.

By the Order of the Board of Directors.

/s/ W. Joseph Dryer

Secretary

Dated at Plano, Texas
October 30, 2001

-9-

Exhibit A

Charter of the Audit Committee of Siena Holdings, Inc.

I. Audit Committee Purpose

The Audit Committee (the "Committee") shall be appointed by the Board of

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Directors (the "Board") to assist the Board in fulfilling its oversight responsibilities. The Committee's primary duties and responsibilities shall include:

Monitoring the integrity of the Company's financial reporting process and systems of internal controls pertaining to finance, accounting, and legal compliance.

Monitoring the independence and performance of such professional services firm as may from time to time be engaged to serve as the Company's independent auditors (the "Auditors")

Facilitating communication among the Auditors, management and the Board.

In connection with the performance of its duties, the Audit Committee shall possess the authority to conduct any investigation, as it, in its sole discretion, shall from time to time deem necessary. In connection with any such investigation, as well as in connection with the performance of its other duties provided for herein, the Committee shall at all times have full and direct access to the Auditors. Should at any time the Committee deem the same to be necessary and in the best interests of the Company, the Committee may retain, at the Company's expense, special legal, accounting, or other consultants or experts, without the need for further approval from either management of the Board

II. Committee Composition and Meetings

Committee members shall at all times meet the requirements for Audit Committee members which may be set by such securities exchange or exchanges on which the Company's stock may from time to time be listed. The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent non-executive directors. All members of the Committee shall possess a fundamental understanding of finance and accounting methods and practices, and shall be able to interpret basic financial statements. At least one member of the Committee shall possess accounting or related financial management expertise, by virtue of formal training or education and/or professional experience.

Members of the Committee shall be appointed by the Board. (Should a chair of the Committee (the "Chair") not be present, the members of the Committee may designate a chair by majority vote of the Committee membership.)

The Committee, or at least its Chair, shall meet at least four times a year, and may meet more frequently should circumstances dictate. The Committee chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the Auditors, and as a committee to discuss any matters that the Committee believes should be discussed. In addition, the Committee, or at least its Chair, should communicate with management and the Auditors quarterly to review the Company's financial statements and any significant findings based upon the Auditors' limited review procedures.

III. Committee Responsibilities and Duties

Review Procedures

Review and reassess the adequacy of this Charter at least annually. Submit

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the Charter to the Board of Directors for approval and have the document published at least every three years in accordance with the regulations of the Securities & Exchange Commission.

Review the Company's annual audited financial statements prior to their filing or distribution.

In consultation with management, and the Auditors, periodically review the adequacy of the Company's financial reporting processes and controls. Should the Committee determine the same to exist, discuss significant financial risk exposures, which may from time to time arise, and the steps management has taken to monitor, control, and report such exposures. The Committee may also review any significant findings prepared by the Auditors together with management's responses, and shall review with management and the Auditors the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. The Committee shall discuss any significant changes to the Company's accounting principles and any items required to be communicated by the Auditors in accordance with SAS 61. The chair of the Committee may represent the entire Committee for purposes of this review.

Approve the fees and other significant compensation to be paid to the Auditors.

On an annual basis, review and discuss with the Auditors any significant relationships the Auditors may have with the Company that could impair the Auditors' ability to perform their professional duties to the Company.

Review the Auditors' audit plan--discuss scope, staffing, locations, reliance upon management, and internal audit and general audit approach.

Prior to releasing the year-end earnings, discuss the results of the audit with the Auditors. Discuss certain matters required to be communicated to audit committees in accordance with AICPA SAS 61.

Consider the Auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

Other Audit Committee Responsibilities

Annually prepare a report to shareholders as required by the Securities & Exchange Commission. The report should be included in the Company's annual proxy statement.

Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.

Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

Legal Compliance

On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

Independent Auditors

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Nothing in this Charter shall relieve the Auditors of their professional responsibility to the Company, under which they shall be fully and ultimately accountable to the Committee, the Board and the Company. The Committee shall review the performance of the Auditors and annually recommend to the Board either the appointment of the Auditors or, should in the Committee's discretion, circumstances warrant, recommend the discharge of the Auditors