

UNITED SECURITY BANCSHARES
Form DEF 14A
April 18, 2013

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

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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 §240.14a-12

United Security Bancshares

(Name of Registrant as Specified In Its Charter)

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

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United Security Bancshares

Proxy Statement

Annual Meeting of Shareholders

May 15, 2013

Introduction

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2013 annual meeting of shareholders of United Security Bancshares (also referred as to the “Company”) to be held on Wednesday, May 15, 2013 at 7:00 p.m. at the Company’s corporate offices at 2126 Inyo Street, Fresno, California, and at any and all adjournments thereof.

It is anticipated that this proxy statement and the accompanying notice and form of proxy will be mailed on or about April 15, 2013 to shareholders eligible to receive notice of, and to vote at, the meeting. This Proxy Statement and the 2012 Annual Report to Stockholders are also available at <http://unitedsecuritybancshares.investorroom.com>.

General Information

Voting By Proxy. Whether or not you plan to attend the annual meeting, you may submit a proxy to vote the shares registered in your name via Internet, telephone or mail as more fully described below:

- By Internet: Go to www.eproxy.com/ubfo and follow the instructions. You will need information from your proxy card or electronic delivery notice to submit your proxy.
- By Telephone: Call 1.800.560.1965 and follow the voice prompts. You will need information from your proxy card or electronic delivery notice to submit your proxy.
- By Mail: Mark your vote, sign your name exactly as it appears on your proxy card, date your proxy card and return it in the envelope provided.

If a bank, broker or other nominee holds your shares, you will receive voting instructions directly from the holder of record. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via Internet or telephone. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board’s recommendations “FOR”:

- Proposal 1: Election of ten persons named in this proxy statement to the board of directors of the Company to serve until the 2014 Annual Meeting of Shareholders and until their successors are elected and have been qualified;

- Proposal 2: Ratification of Moss Adams LLP as the Company's registered independent public accounting firm for 2013;
- Proposal 3: Approval of a non-binding advisory vote on executive compensation; and

and voted in favor of a frequency of every "3 years" on Proposal 4, the selection of the frequency for the non-binding advisory vote on executive compensation for the Company's named executive officers.

If other matters properly come before the annual meeting, the persons appointed to vote the proxies will vote on such matters in accordance with their best judgment. Such persons also have discretionary authority to vote to adjourn the annual meeting, including for the purpose of soliciting proxies to vote in accordance with the Board's recommendations on any of the above items.

Revocability of Proxies

You may revoke your proxy at any time before it is exercised by:

- written notice of revocation delivered to the Corporate Secretary;
- a properly executed proxy of a later date mailed to the Company;
- casting a new vote by telephone or Internet; or
- voting in person at the annual meeting if you are the record holder.

If you are a street name shareholder and you voted by proxy, you may revoke your proxy by informing the holder of record in accordance with that entity's procedures. In addition, the powers of the proxy holders will be revoked if the person executing the proxy is present at the meeting and elects to vote in person. Subject to such revocation or suspension, the proxy holders will vote all shares represented by a properly executed proxy received in time for the meeting in accordance with the instructions on the proxy.

Persons Making the Solicitation

This solicitation of proxies is made by the board of directors of United Security Bancshares. The expense of preparing, assembling, printing and mailing this proxy statement and the materials used in the solicitation of proxies for the meeting will be borne by United Security Bancshares. It is contemplated that proxies will be solicited principally through the use of the mail, but directors, officers and employees of United Security Bancshares may solicit proxies personally or by telephone, without receiving special compensation.

Voting Securities

There were issued and outstanding 14,217,303 shares of United Security Bancshares' common stock on March 27, 2013, which has been fixed as the record date for the purpose of determining shareholders entitled to notice of, and to vote at, the meeting. On any matter submitted to the vote of the shareholders, each holder of United Security Bancshares' common stock will be entitled to one vote, in person or by proxy, for each share of common stock he or she held of record on the books of United Security Bancshares as of the record date. In connection with the election of directors, shares may be voted cumulatively if a shareholder present at the meeting gives notice at the meeting, prior to the voting for election of directors, of his or her intention to vote cumulatively. If any shareholder of United Security Bancshares gives such notice, then all shareholders eligible to vote will be entitled to cumulate their shares in voting for election of directors. Cumulative voting allows a shareholder to cast a number of votes equal to the number of shares held in his or her name as of the record date, multiplied by the number of directors to be elected. These votes may be cast for any one nominee, or may be distributed among as many nominees as the shareholder sees fit. If cumulative voting is declared at the meeting, votes represented by proxies delivered pursuant to this proxy statement may be cumulated in the discretion of the proxyholders, in accordance with management's recommendation. The effect of broker non-votes is that such votes are not counted as being voted; however such votes are counted for purposes of determining a quorum. The effect of a vote of abstention on any matter is that such vote is not counted as a vote for or against the matter, but is counted as an abstention.

Shareholdings of Certain
Beneficial Owners and Management

Management of United Security Bancshares knows of no person who owns, beneficially or of record, either individually or together with associates, five percent (5%) or more of the outstanding shares of United Security Bancshares' common stock, except as set forth in the table below. The following table sets forth, as of March 1, 2013, the number and percentage of shares of United Security Bancshares' outstanding common stock beneficially owned, directly or indirectly, by each of United Security Bancshares' directors, named executive officers and principal shareholders and by the directors and executive officers of United Security Bancshares as a group. The shares "beneficially owned" are determined under Securities and Exchange Commission Rules, and do not necessarily indicate ownership for any other purpose. In general, beneficial ownership includes shares over which the director, named executive officer or principal shareholder has sole or shared voting or investment power and shares which such person has the right to acquire within 60 days of March 1, 2013. Unless otherwise indicated, the persons listed below have sole voting and investment powers of the shares beneficially owned. Management is not aware of any arrangements that may, at a subsequent date, result in a change of control of United Security Bancshares.

Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Directors and Named Executive Officers:		
Robert G. Bitter, Pharm. D.	281,842 (2)	2.0 %
Stanley J. Cavalla	646,206 (3)	4.5 %
Kenneth L. Donahue	329,724 (4)	2.3 %
Tom Ellithorpe	134,627	0.9 %
David L. Eytcheson	207,145 (5)	1.4 %
R. Todd Henry	50,375 (6)	0.4 %
Karl L. Miller	5,551 (7)	0.0 %
Ronnie D. Miller	251,332 (8)	1.8 %
Robert M. Mochizuki, M.D.	143,712 (9)	1.0 %
Walter Reinhard	619,816 (10)	4.3 %
Richard Shupe	56,481 (11)	0.4 %
John Terzian	250,322 (12)	1.7 %
Dennis R. Woods	1,127,079 (13)	7.9 %
Michael T. Woolf, D.D.S.	173,283 (14)	1.2 %
All Directors and Executive Officers as a Group		
(14 in all)	4,277,525	29.8 %
Principal Shareholder		
Audry "Bobbi" Thomason	796,274 (15)	5.6 %

(1) Includes shares subject to options held by the directors and executive officers that were exercisable within 60 days of March 1, 2013. These are treated as issued and outstanding for the purpose of computing the percentage of each director, named executive officer and the directors and executive officers as a group, but not for the purpose of computing the percentage of class owned by any other person.

(2) Dr. Bitter has shared voting and investment powers as to 281,842 of these shares. Dr. Bitter also disclaims ownership of 37,281 of these shares held by the IRA of his spouse.

- (3) Mr. Cavalla has shared voting powers as to 338,798 of these shares and shared investment powers as to 392,735 of these shares. Mr. Cavalla also disclaims ownership of 234 of these shares held by the IRA of his spouse.
- (4) Mr. Donahue has shared voting and investment powers as to 191,730 of these shares.
- (5) Mr. Eytcheson has shared voting and investment powers as to 207,145 of these shares.
- (6) Mr. Henry has 7,175 shares acquirable by exercise of stock options.
- (7) Mr. Karl Miller has 5,551 shares acquirable by exercise of stock options.
- (8) Mr. Ronnie Miller has shared voting and investment powers as to 227,901 of these shares.
- (9) Dr. Mochizuki has shared voting and investment powers as to 133,409 shares and has 10,303 shares acquirable by exercise of stock options.
- (10) Mr. Reinhard disclaims ownership of 7,200 of these shares for which he has beneficial ownership as a custodian for minors.
- (11) Mr. Shupe has 38,429 shares acquirable by exercise of stock options.
- (12) Mr. Terzian has shared voting and investment powers as to 160,696 of these shares. Mr. Terzian disclaims ownership of 71,691 shares for which he has beneficial ownership as custodian for his daughter and his wife's IRA.
- (13) Mr. Woods has shared voting and investment powers as to 775,554 of these shares, and has 59,806 shares acquirable by exercise of stock options. Mr. Woods disclaims beneficial ownership of 60,626 shares that he has beneficial ownership as a custodian for minors. Mr. Woods' address is c/o United Security Bancshares, 2126 Inyo Street, Fresno, California 93721.
- (14) Mr. Woolf disclaims ownership of 1,998 of these shares held by the IRA of his spouse and 30 of these shares held by his son and has 9,567 shares acquirable by exercise of stock options.
- (15) Ms. Thomason's address is c/o United Security Bancshares, 2126 Inyo Street, Fresno, California 93721.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires United Security Bancshares' directors and certain executive officers and persons who own more than ten percent of a registered class of United Security Bancshares' equity securities (collectively, the "Reporting Persons"), to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The Reporting Persons are required by Securities and Exchange Commission regulation to furnish United Security Bancshares with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from the Reporting Persons that no Forms 4 or 5 were required for those persons, United Security Bancshares believes that, during 2012 the Reporting Persons complied with all filing requirements applicable to them, except Mr. Ronnie Miller, who inadvertently filed one Form 4 late, and Dr. Mochizuki, who inadvertently filed two Form 4's late.

The Board of Directors and Committees

United Security Bancshares' board of directors met 12 times in 2012. None of United Security Bancshares' directors attended less than 75 percent of all board of directors' meetings and committee meetings of which they were a member, with the exception of Mr. Todd Henry, who was unable to attend several meetings due to medical restrictions. United Security Bancshares has a standing Audit Committee, Compensation Committee and Corporate Governance Committee/Nominating Committee.

Corporate Governance Principles and Board Matters

United Security Bancshares is committed to having sound corporate governance principles that are important to the way United Security Bancshares manages its business and to maintaining United Security Bancshares' integrity in the marketplace. The United Security Bancshares' Corporate Governance Principles are available at <http://www.unitedsecuritybank.com>. Click "About Us" and then "Governance."

Board and Audit Committee Independence

The Board has determined that, with the exception of Mr. Dennis Woods, all of the directors standing for reelection are "independent" within the meaning of the listing standards set by the Nasdaq Stock Market, Inc. ("NASDAQ") and the Securities and Exchange Commission ("SEC"), as currently in effect and as they may be changed from time to time. Furthermore, the Board has determined that each of the current members of the Audit Committee is "independent" within such director independence standards and that each member of the Audit Committee satisfies the financial literacy requirements set forth under Rule 4350(d)(2) of the NASDAQ Rules.

Leadership Structure of Board

The Bylaws of United Security Bancshares permit the roles of Chairman and Chief Executive Officer to be filled by the same or different individuals. This allows the Board flexibility to determine whether the two roles should be combined or separated based upon our needs and the Board's assessment of its leadership from time to time. The Corporate Governance Committee/Nominating Committee reviews the structure of Board and United Security Bancshares' leadership as part of the succession planning process.

The Board believes that United Security Bancshares and its shareholders are best served at this time by having Mr. Dennis Woods serve as our Chairman and CEO. Combining the roles of Chairman and CEO makes clear that we have a single leader who is directly accountable to the Board and, through the Board, to our shareholders. It establishes one voice who speaks for United Security Bancshares to customers, employees, shareholders and other stakeholders. This structure reinforces Mr. Wood's overall responsibility for United Security Bancshares' business and strategy, under the oversight and subject to the review of the Board. This structure also enables Mr. Woods to act as the key link between the Board and other members of management and facilitates an efficient management process.

Financial Expert

The Board has determined that Todd Henry meets all of the attributes of an “audit committee financial expert” and “independence” as defined by the applicable rules and regulations of the SEC and NASDAQ.

Consideration of Director Nominees

Selection and Evaluation of Director Candidates

The Corporate Governance Committee/Nominating Committee is responsible for identifying and presenting candidates for membership on the Board by the following process:

- The Corporate Governance/Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors qualified and willing to continue in service
- The Corporate Governance/Nominating Committee identifies the need to add new members to the Board with specific criteria or to fill a vacancy on the Board.
- The Corporate Governance/Nominating Committee initiates a search, working with staff support and seeking input from the members of the Board and senior management of candidates including existing Board members that are willing to continue to serve as directors. The Corporate Governance/Nominating Committee also considers any candidates recommended by shareholders.
- The Corporate Governance/Nominating Committee identifies a potential slate of candidates, after taking account of the criteria discussed in the next section below.
- The Corporate Governance/Nominating Committee determines if any Board members have contacts with the potential candidates.
- The Corporate Governance/Nominating Committee interviews prospective candidate(s) other than existing board members.
- The Corporate Governance/Nominating Committee keeps the Board informed of the selection progress.
- The Corporate Governance/Nominating Committee meets to consider and approve its slate of recommended candidates also using the criteria discussed in the next section below. The Corporate Governance/Nominating Committee, in evaluating existing directors as nominees and nondirectors as nominees, balances the value of continuity of service by existing members of the Board with that of obtaining a new perspective.
- The Corporate Governance/Nominating Committee presents its slate of recommended candidates to the Board and seeks the Board’s endorsement of such candidate(s).
- There is no third party that we currently pay to assist in identifying or evaluating potential director nominees, although the Corporate Governance/Nominating Committee has sole authority to retain or terminate the services of a third-party search firm to identify director candidates.. The Corporate Governance/Nominating Committee’s process for identifying and evaluating nominees for directors will not materially differ based on whether or not the nominee is recommended by a security holder.

Criteria for Recommendation and Selection of Director Nominee Candidates

The main criteria used by the Corporate Governance/Nominating Committee for identifying candidates for membership on the Board are the character, judgment, leadership ability and business experience, as well as the ability of such candidate to add to the Board’s existing strengths. This assessment typically includes issues of expertise in industries important to United Security