

OptimumBank Holdings, Inc.  
Form DEF 14A  
March 30, 2006

**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

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

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

☐ Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))

**OPTIMUMBANK HOLDINGS, INC.**

**(Name of Registrant as Specified in Its Articles of Incorporation)**

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)

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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:

4)

Proposed maximum aggregate value of transaction (set forth the amount on which the filing fee is calculated and state how it was determined):

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Total fee paid:

p Fee paid previously with preliminary materials.

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1)

Amount Previously Paid:

2)

Form, Schedule or Registration Statement No.:

3)

Filing Party:

4)

Date Filed:



2006 PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of OptimumBank Holdings, Inc. will be held at the

**OPTIMUMBANK GALT OCEAN MILE BRANCH**

3524 North Ocean Boulevard

Fort Lauderdale, Florida

on April 27, 2006, at 10:00 A.M.

PROXY VOTING OPTIONS

**YOUR VOTE IS IMPORTANT!**

Whether or not you expect to attend in person, we urge you to vote your shares by phone, via the Internet, or by signing, dating, and returning the enclosed proxy card at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly voting your shares will save the Company the expense and extra work of additional solicitation. An addressed envelope for which no postage is required if mailed in the United States is enclosed if you

wish to vote your shares by mail.

Voting by the **Internet** or **telephone** is fast, convenient, and your vote is immediately confirmed and tabulated. Most important, by using the Internet or telephone, you help the Company reduce postage and proxy tabulation costs.

Or, if you prefer, you can return the enclosed Proxy Card in the envelope provided.

**PLEASE DO NOT RETURN THE ENCLOSED PROXY CARD IF YOU ARE VOTING OVER THE INTERNET OR BY TELEPHONE.**

VOTE BY INTERNET

**<http://www.continentalstock.com/>**

24 hours a day / 7 days a week

**INSTRUCTIONS:**

Read the accompanying Proxy Statement.

Go to the following website

**<http://www.continentalstock.com/>**

Have your Proxy Card in hand and follow the instructions.

VOTE BY TELEPHONE

**1-866-894-0537 via touch tone phone**

toll-free 24 hours a day / 7 days a week

**INSTRUCTIONS:**

Read the accompanying Proxy Statement.

**Call 1-866-894-0537.**

Have your Proxy Card in hand and follow the instructions.

March 30, 2006

**Dear Shareholder:**

You are cordially invited to attend the annual meeting of shareholders of OptimumBank Holdings, Inc., which will be held at the OptimumBank Galt Ocean Mile Branch, 3524 North Ocean Boulevard, Fort Lauderdale, Florida 33308, on Thursday, April 27, 2006, at 10:00 a.m.

Details of the business to be conducted at the annual meeting are given in the attached Notice of Annual Meeting and Proxy Statement.

Whether or not you attend the annual meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote and submit your proxy by phone, via the Internet, or by signing, dating, and returning the enclosed proxy card in the enclosed envelope. If you decide to attend the annual meeting, you will be able to vote in person, even if you have previously submitted your proxy.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of the Company.

Sincerely,

**Albert J. Finch**

Chairman of the Board and

Chief Executive Officer

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**OPTIMUMBANK HOLDINGS, INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**April 27, 2006**

**To the Shareholders:**

The annual meeting of the shareholders of OptimumBank Holdings, Inc. will be held at the OptimumBank Galt Ocean Mile Branch, 3524 North Ocean Boulevard, Fort Lauderdale, Florida 33308, on April 27, 2006, at 10:00 a.m. for the following purposes:

1. To elect directors.
2. To transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on March 10, 2006, are entitled to notice of, and to vote at, this meeting.

**By order of the Board of Directors**



**Albert J. Finch**

Chairman of the Board and Chief Executive Officer

Fort Lauderdale, Florida

March 30, 2006

**IMPORTANT**

Whether or not you expect to attend in person, we urge you to vote your shares at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly voting your shares by telephone, via the Internet, or by signing, dating, and returning the enclosed proxy card will save the Company the expenses and extra work of additional solicitation. An addressed envelope for which no postage is required if mailed in the United States is enclosed if you wish to vote by mail. Submitting your proxy now will not prevent you from voting your shares at the meeting if you desire to do so, as your proxy is revocable at your option.

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**OPTIMUMBANK HOLDINGS, INC.**

**2477 EAST COMMERCIAL BOULEVARD**

**FORT LAUDERDALE, FLORIDA 33308**

**PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 27, 2006**

This Proxy Statement, which was first mailed to shareholders on or about March 30, 2006, is furnished in connection with the solicitation of proxies by the Board of Directors of OptimumBank Holdings, Inc. (the Company or OptimumBank Holdings), to be voted at the annual meeting of the shareholders of the Company, which will be held at 10:00 a.m. on April 27, 2006, at the OptimumBank Galt Ocean Mile Branch, 3524 North Ocean Boulevard, Fort Lauderdale, Florida 33308, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. Shareholders who execute proxies retain the right to revoke them at any time before the shares are voted by proxy at the meeting. A shareholder may revoke a proxy by delivering a signed statement to the President of the Company at or prior to the annual meeting or by executing and delivering another proxy dated as of a later date. The Company will pay the cost of solicitation of proxies.

Shareholders of record at the close of business on March 10, 2006 will be entitled to vote at the meeting on the basis of one vote for each share held. On March 10, 2006, there were 2,678,775 shares of common stock outstanding, held of record by 234 shareholders.

**PROPOSAL 1: ELECTION OF DIRECTORS AND MANAGEMENT INFORMATION**

**NOMINEES**

The Company's Board of Directors currently consists of nine members. Nine directors are to be elected at the annual meeting to hold office until the next annual meeting of shareholders and until their successors are elected and qualified. The Board of Directors has nominated all nine of the current directors for re-election at the 2006 annual meeting, based on the recommendation of the Company's independent directors.

The accompanying proxy will be voted in favor of the following persons to serve as directors unless the shareholder indicates to the contrary on the proxy. The election of the Company's directors requires a plurality of the votes cast in person or by proxy at the meeting. Management expects that each of the nominees will be available for election, but if any of them is unable to serve at the time the election occurs, the proxy will be voted for the election of another nominee to be designated by the Board of Directors. Except as otherwise indicated, the directors listed below have had no change in principal occupation or employment during the past five years.

**Albert J. Finch, 68**, has served as the Chairman of the Board and Chief Executive Officer of the Company since its incorporation in March 2004, and of OptimumBank, a wholly owned bank subsidiary of the Company, since it opened for business in October 2000.

**Richard L. Browdy, 53**, has served as the President, Chief Operating Officer, Chief Financial Officer, and director of the Company since March 2004, and of OptimumBank since October 2000.

**Michael Bedzow, 54**, has been a director of the Company since March 2004, and of OptimumBank since October 2000. Mr. Bedzow has served as the President of Groupe Pacific, a real estate development organization located in Aventura, Florida, since 2001. From 1980 to 2000, Mr. Bedzow served as President of the law firm of Bedzow, Korn, et al, P.A.

**Sam Borek, 55**, has been a director of the Company since March 2004, and of OptimumBank since August 2001. He is the managing partner of the law firm of Borek & Goldhirsh located in Wilmette, Illinois. Mr. Borek has also served as a director of NCB Holdings, Inc., a bank holding company located in Chicago, Illinois, since 1998.

**Irving P. Cohen, 65**, has been a director and Vice Chairman of the Company since March 2004, and of OptimumBank since April 2002. Since January 2004, he has been of counsel to, and from 1995 to January 2004, a partner with the law firm of Thompson Hine LLP, in Washington, D.C.

**Gordon Deckelbaum, 56**, has been a director of the Company since March 2004, and of OptimumBank since October 2000. He is the President and owner of Premier Developers, a real estate development company located in Dania Beach, Florida.

**H. David Krinsky, 47**, has been a director of the Company since March 2004, and of OptimumBank since October 2000. Mr. Krinsky is the President of Maxim Properties, Inc., a commercial real estate development and property management company located in New York City.

**Wendy Mitchler, 52**, has been a director of the Company and OptimumBank since January 2005. She is the owner of the law firm of Wendy Mitchler, Attorney at Law, located in Fort Lauderdale, Florida.

**Larry Willis, 53**, has been a director of the Company since its incorporation in March 2004, and of OptimumBank since August 2001. Mr. Willis is the Vice President of Annette Willis Insurance Agency, Inc., a licensed insurance agent located in Miami, Florida.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL DIRECTOR NOMINEES.**

**Executive Officers Who Are Not Directors**

The following information is provided for the one executive officer who is not a director of the Company:

**Thomas A. Procelli, 52**, joined OptimumBank as its Executive Vice President in October 2000.

**INFORMATION ABOUT THE BOARD AND ITS COMMITTEES**

**Directors Independence**

The Board has affirmatively determined that the following six members of the Board are independent as defined in The NASDAQ Stock Market ( NASDAQ ) listing standards: Michael Bedzow, Sam Borek, Irving P. Cohen, Gordon Deckelbaum, H. David Krinsky and Larry Willis. Albert J. Finch and Richard L. Browdy, who are employees of the Company, and Wendy Mitchler, who serves as general counsel for the Company, are not considered independent .

**Directors Compensation**

During 2005, each non-employee director received a \$200 fee for each board meeting attended payable in Company common stock under the Company s non-employee director fee compensation and stock purchase plan. In February 2006, the Company s non-employee directors purchased 1,540 shares under this plan with their directors fees for 2005. A total of 15,000 shares have been authorized for issuance to non-employee directors under the plan.

In 2005, each non-employee director in office in December 2005 received an option to acquire 5,000 shares of the Company s common stock which was fully vested on the date of grant. Directors who are also salaried employees of the Company do not receive additional compensation for their service as directors.

**The Board of Directors Meetings and Committees**

OptimumBank Holding's Board of Directors met 11 times during 2005. Each of the current members of the Board of Directors attended at least 75% of the meetings of the Board and committees on which he or she served. The Company's Board of Directors has established several standing committees, including the Audit and Compensation Committees.

**Compensation Committee.** The Compensation Committee consists of Sam Borek, Chairman, Larry Willis, and Gordon Deckelbaum. The Compensation Committee met once during 2005. The Compensation Committee recommends the compensation arrangements for non-employee directors, executive management and officers.

**Nominating Committee.** The Company has no formal nominating committee or nominating committee charter but rather all the members of the Board and, specifically, a majority of the six, independent members of the full Board, perform the functions of a nominating committee. The independent directors are responsible for recommending for the Board's selection the slate of director nominees for election. The Board, including the independent directors, evaluates new candidates and current directors, and recommends candidates to fill vacancies occurring between annual shareholder meetings. All of the director nominees of the Company set forth in the Proposal entitled "Election of Directors and Management Information" were recommended to the Board by a majority of the independent directors of the Company. The Board in its capacity as the nominating committee held one meeting during 2005. The Board of Directors believes it is appropriate for the Company to nominate its director nominees through a majority of the independent directors of the full Board and not through a separate nominating committee due to its belief that all directors should participate fully in the nomination process.

The Board initially looks to nominating its existing directors for re-election to the Board as appropriate or to other Director nominees proposed, as appropriate, by individual directors, and in doing so considers each director's independence, if required, share ownership, skills, performance and attendance at the Board and respective committee meetings. In evaluating any candidates for potential director nomination, the Board of Directors, and specifically a majority of the independent, non-employee directors will consider candidates that are independent, if required, who have a significant equity investment in the Company, who possess personal and professional integrity, have good business judgment, relevant experience and skills, including financial, real estate and/or legal expertise, who would be effective as a Director in conjunction with the full Board and whose interests are aligned with the long-term interests of the Company's shareholders.

The Board, including its independent directors, will also consider director candidates recommended by shareholders, provided the recommendation is in writing and delivered to the President of the Company at the principal executive offices of the Company not later than the close of business on the 120<sup>th</sup> day prior to the first anniversary of the date on which the Company first mailed its proxy materials to shareholders for the preceding year's annual meeting of shareholders. The nomination and notification must contain the nominee's name, address, principal occupation, total number of shares owned, consent to serve as a director, and all information relating to the nominee and the nominating shareholder as would be required to be disclosed in solicitation of proxies for the election of such nominee as a director pursuant to the SEC's proxy rules. Stockholders should be aware that it is the general policy of the Company to re-nominate qualified incumbent directors, and that, absent special circumstances, the Board will not consider other candidates when a qualified incumbent consents to stand for re-election.

**Audit Committee.** The Audit Committee of the Board of Directors is responsible for the oversight of the Company's financial and accounting reporting processes and the audits of the Company's financial statements. The Audit Committee is currently composed of three non-employee directors and operates under a written charter adopted and approved by the Board of Directors. Irving P. Cohen, Chairman, Gordon Deckelbaum, and Sam Borek make up the Board's Audit Committee.

The Board has determined that each member of the Audit Committee is financially literate and independent in accordance with NASDAQ listing standards and that Irving P. Cohen is an audit committee financial expert as defined by Securities and Exchange Commission (SEC) rules. The Audit Committee met 8 times during 2005. A Report from the Audit Committee is included on the next page.



### **REPORT OF THE AUDIT COMMITTEE**

The primary purpose of the Audit Committee is to oversee the Company's financial and accounting reporting processes and the audits of the Company's financial statements. The Committee's function is more fully described in its charter. The Board annually reviews the NASDAQ listing standards' definition of independence for audit committee members and has determined that each member of the Committee meets that standard.

Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. The Company's independent auditor, Hacker, Johnson & Smith, PA, is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America.

The Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended December 31, 2005 with the Company's management and has discussed with Hacker, Johnson & Smith, PA, the matters required to be discussed by Statement on Auditing Standards Board Standard No. 61, as amended, Communication with Audit Committees, and SEC Regulation S-X, Rule 2-07. In addition, Hacker, Johnson & Smith, PA, has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and the Audit Committee has discussed with Hacker, Johnson & Smith, PA, their independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005, for filing with the Securities and Exchange Commission, and selected Hacker, Johnson & Smith, PA, as their independent auditor for 2006.

### **AUDIT COMMITTEE**

Irving P. Cohen, Chair

Gordon Deckelbaum

Sam Borek

### **Attendance by Directors at Annual Shareholders' Meetings**

The Company does not have a policy that requires directors to attend the Annual Meeting, but it encourages its directors to do so. Nine members of the 2005 board of directors, which consisted of ten members at the time, attended last year's Annual Meeting.



**Shareholder Communications with the Board of Directors**

The Board of Directors has adopted a formal process by which shareholders may communicate with the Board. Shareholders who wish to communicate with the Board may do so by sending written communications addressed to the Board of Directors of OptimumBank Holdings, Inc. at 2477 East Commercial Boulevard, Fort Lauderdale, Florida 33308, attention: Richard L. Browdy, President. All communications will be compiled by the President and submitted to the members of the Board.

**INFORMATION REGARDING BENEFICIAL OWNERSHIP****OF PRINCIPAL SHAREHOLDERS, DIRECTORS, AND MANAGEMENT**

The following table sets forth, as of March 10, 2006, information regarding the beneficial ownership of the Company's common shares by all directors, the Company's three executive officers, and the directors and executive officers as a group. To the Company's knowledge, as of March 10, 2006, no shareholder owned more than 5% of the outstanding shares of OptimumBank Holdings common stock other than the individuals listed below, each of whom is a director of the Company.

| <b>Name of Beneficial Owner</b>                                          | <b>Number of<br/>Shares<br/>Owned<sup>(1)</sup></b> | <b>Right to<br/>Acquire<sup>(2)</sup></b> | <b>% of<br/>Beneficial<br/>Ownership</b> |
|--------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------|------------------------------------------|
| Albert J. Finch, Chairman of the Board and<br>Chief Executive Officer    | 83,000                                              | 82,500                                    | 5.99%                                    |
| Richard L. Browdy, President, Chief<br>Financial Officer<br>and Director | 11,800 (3)                                          | 82,500                                    | 3.42%                                    |
| H. David Krinsky, Director (4)                                           | 238,564 (3)(5)                                      | 25,000                                    | 9.75%                                    |
| Gordon Deckelbaum, Director (4)                                          | 150,856                                             | 25,000                                    | 6.50%                                    |
| Sam Borek, Director (4)                                                  | 143,825 (3)(5)                                      | 25,000                                    | 6.24%                                    |
| Paul B. Fay, Jr., Director (6)                                           | 105,666                                             | 20,000                                    | 4.66%                                    |
| Michael Bedzow, Director                                                 | 102,612 (3)                                         | 13,000                                    | 4.30%                                    |
| Larry Willis, Director                                                   | 67,911 (3)(5)                                       | 25,000                                    | 3.44%                                    |
| Irving P. Cohen, Director                                                | 47,279 (3)                                          | 13,000                                    | 2.24%                                    |
| Thomas A. Procelli, Executive Vice<br>President, OptimumBank             | 13,875 (3)                                          | 25,000                                    | 1.44%                                    |
| Wendy Mitchler, Director                                                 | 8,612                                               | 15,000                                    | .88%                                     |
| Executive officers and directors as a group (11 persons)                 | 974,000                                             | 351,000                                   | 43.73%                                   |

(1)

Includes shares for which the named person has sole voting and investment power, has shared voting and investment power with a spouse, or holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.

(2)

Includes shares that may be acquired within the next 60 days by exercising stock options.

(3)

Includes shares held by wife or children.

(4)

The address for the named person is c/o OptimumBank Holdings, Inc., 2477 East Commercial Boulevard, Fort Lauderdale FL 33308.

(5)

Includes shares held by an entity controlled by reporting person.

(6)

Mr. Fay retired as a director on March 21, 2006.

**INFORMATION REGARDING EXECUTIVE OFFICER COMPENSATION**

The following table shows the compensation paid by the Company to its three executive officers for 2003, 2004 and 2005.

**SUMMARY COMPENSATION TABLE**

| <b>Name and Principal Position</b>                                      | <b>Year</b> | <b>Salary</b> | <b>Bonus</b> | <b>Other Annual Compensation<sup>(1)</sup></b> | <b>Number of Securities Underlying Options</b> |
|-------------------------------------------------------------------------|-------------|---------------|--------------|------------------------------------------------|------------------------------------------------|
| Albert J. Finch<br>Chairman of the Board and<br>Chief Executive Officer | 2003        | \$ 170,000    | \$ 16,000    | \$ 0                                           |                                                |
|                                                                         | 2004        | \$ 200,000    | \$ 0         | \$ 3,000 (2)                                   | 25,000                                         |
|                                                                         | 2005        | \$ 206,000    | \$ 40,000    | \$ 3,000 (2)                                   | 20,000                                         |
| Richard L. Browdy<br>President                                          | 2003        | \$ 150,000    | \$ 14,000    | \$ 5,187 (3)                                   |                                                |
|                                                                         |             |               |              | \$ 3,140 (4)                                   |                                                |
|                                                                         | 2004        | \$ 175,000    | \$ 0         | \$ 3,000 (2)                                   | 25,000                                         |
|                                                                         |             |               |              | \$ 1,008 (5)                                   |                                                |
|                                                                         | 2005        | \$ 180,250    | \$ 30,000    | \$ 3,140 (4)                                   |                                                |
|                                                                         |             |               |              | \$ 3,000 (2)                                   | 20,000                                         |
| Thomas A. Procelli<br>Executive Vice President,<br>OptimumBank          | 2003        | \$ 100,000    | \$ 5,000     | \$ 0                                           |                                                |
|                                                                         | 2004        | \$ 110,000    | \$ 0         | \$ 3,000 (2)                                   | 5,000                                          |
|                                                                         | 2005        | \$ 113,300    | \$ 5,000     | \$ 3,000 (2)                                   | 5,000                                          |

(1)

The Company provides the three executive officers with certain group health, medical and other non-cash benefits generally available to all salaried employees and not included in this column pursuant to SEC rules.

(2)

Reimbursement of medical expenses under executive medical reimbursement plan.

(3)

Lease payment for a company car.

(4)

Reimbursement of life insurance premiums under agreement between the Company, Mr. Finch and Mr. Browdy

(5)

Calculated value of personal use of a company-owned automobile.

The following table sets forth certain information about the stock option awards that were made to the Company's three executive officers during 2005.

**OPTION GRANTS IN LAST FISCAL YEAR<sup>(a)</sup>**

| <b>Name of Holder</b> | <b>Number of Securities Underlying Options Granted</b> | <b>Percent of Total Options Granted to Employees in Fiscal Year</b> | <b>Exercise Price</b> | <b>Expiration Date</b> |
|-----------------------|--------------------------------------------------------|---------------------------------------------------------------------|-----------------------|------------------------|
| Albert J. Finch       | 20,000                                                 | 26.8%                                                               | \$10.00               | December 2015          |
| Richard L. Browdy     | 20,000                                                 | 26.8%                                                               | \$10.00               | December 2015          |
| Thomas A. Procelli    | 5,000                                                  | 6.7%                                                                | \$10.00               | December 2015          |

(a)

All options described in table vest and become exercisable immediately beginning on the date of grant.

The following table sets forth certain information about option exercises during 2005 by the Company's three executive officers and the value of their unexercised options at the end of the year.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR  
AND FISCAL YEAR-END OPTION VALUES**

| Name of Holder     | Shares                     | Value<br>Realized | Number of Securities                                                                   | Value of Unexercised<br>In-The-Money Options at<br>December 31, 2005 |
|--------------------|----------------------------|-------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------|
|                    | Acquired<br>on<br>Exercise |                   | Underlying Unexercised<br>Options at<br>December 31, 2005<br>Exercisable/Unexercisable |                                                                      |
| Albert J. Finch    | 0                          | \$0               | 82,500 / 0                                                                             | \$184,600 / 0                                                        |
| Richard L. Browdy  | 0                          | \$0               | 82,500 / 0                                                                             | \$184,600 / 0                                                        |
| Thomas A. Procelli | 0                          | \$0               | 20,000 / 0                                                                             | \$72,000 / 0                                                         |

(a)

Amounts were calculated using the closing price of the common stock on December 31, 2005, which was \$10.23.

**Termination of Employment Agreement.** The Company is a party to a stock purchase agreement with Richard Browdy and Albert Finch which provides for the purchase and ownership by Mr. Browdy of a \$500,000 life insurance policy on Albert Finch, with the annual premiums for such policy reimbursable by the Company. Upon Mr. Finch's death, Mr. Browdy is required to purchase with the proceeds of the policy any of the Company's common shares held in Mr. Finch's estate at the greater of \$6.75 per share or the fair market value of the shares. The agreement does not prevent Mr. Finch from transferring any of his Company stock prior to his death. In the event that the aggregate purchase price is less than the death benefit, Mr. Browdy is entitled to the excess proceeds. For a period of five years after Mr. Finch's death, if Mr. Browdy's employment is terminated for cause or voluntarily by Mr. Browdy, the Company has the right to purchase any non-vested shares from Mr. Browdy for \$1,000. Mr. Browdy vests in the shares over his five-year period of employment following Mr. Finch's death, with 40% vesting after the first year, and 15% each year thereafter.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company offers loans in the ordinary course of business to its directors and executive officers and their related interests. Applicable law requires that these loans be on substantially the same terms, including price, or interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties, and must not involve more than the normal risk of repayment or present other unfavorable features. Loans to individual directors and executive officers must also comply with the Company's lending policies and statutory lending limits, and directors with a personal interest in any loan application are excluded from the consideration of such loan application. In 2004 and 2005, the Company had no loans to executive officers or directors.

In 2004 and 2005, the Company retained Wendy Mitchler, Attorney at Law, as general counsel. Wendy Mitchler, a director of the Company, is the owner of the law firm of Wendy Mitchler, Attorney at Law. During 2004 and 2005, the Company paid the law firm approximately \$78,460 and \$18,640 in legal fees for regulatory, corporate and other matters. In addition, payments totaling approximately \$90,000 and \$106,300 in 2004 and 2005, respectively, were made by borrowers to the law firm in connection with loan closings for OptimumBank.

Carrie Goldstein is the daughter of Albert J. Finch, Chairman of the Board and Chief Executive Officer of the Company. During 2005, payments totaling approximately \$68,200 were made by borrowers to the law firm of Carrie Goldstein, Esq. in connection with loan closings for OptimumBank.

Seth Goldstein, the husband of Carrie Goldstein and son-in-law of Albert J. Finch, Chairman of the Board and Chief Executive Officer of the Company, is employed by OptimumBank as a Vice President, Administration. He was paid approximately \$71,285 and \$62,230 for his services during 2005 and 2004, respectively.

Michel Vogel, son-in-law of Company director and President, Richard Browdy, is employed by OptimumBank as Vice President, Lending. He was paid approximately \$66,890 and \$31,580 for his services during 2005 and 2004, respectively.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's executive officers and directors, as well as persons who own 10% or more of a class of the Company's equity securities, file reports of their ownership of the Company's securities, as well as statements of changes in such ownership, with the SEC. The Company believes that all such filings required during 2005 were made on a timely basis.

## **INDEPENDENT ACCOUNTANTS**

The following is a summary of the fees billed to the Company by Hacker, Johnson & Smith, PA, for professional services rendered for the years ended December 31, 2005 and 2004:

| <b>Fee Category</b> | <b>2005 Fees</b> | <b>2004 Fees</b> |
|---------------------|------------------|------------------|
| Audit Fees          | \$42,000         | \$29,500         |
| Tax Fees            | 5,000            | 4,500            |
| Total Fees          | \$47,000         | \$34,000         |

**Audit Fees.** Consists of fees billed for professional services rendered for the audit of the Company's financial statements and review of the interim financial statements included in quarterly reports and services that are normally provided by Hacker, Johnson & Smith, PA in connection with statutory and regulatory filings or engagements.

**Tax Fees.** Consists of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance.

## **Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Accountants**

Consistent with SEC rules regarding auditor independence, the Company's Audit Committee Charter requires the Audit Committee to pre-approve all audit services and non-audit services permitted by law and Audit Committee policy (including the fees and terms of such services) to be performed for the Company by the independent auditors, subject to the de minimis exceptions for non-audit services described in SEC rules that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate pre-approval authority to a member of the committee. The decisions of any committee member to whom pre-approval is delegated must be presented to the Audit Committee at its next scheduled meeting.

A representative from Hacker, Johnson & Smith, PA, independent public auditors for the Company for 2005 and the current year, is expected to be present at the annual meeting, will have an opportunity to make a statement, and will be available to respond to appropriate questions.

## **SHAREHOLDER PROPOSALS FOR 2006 ANNUAL MEETING**

Proposals of shareholders intended to be presented at the next annual meeting of the Company expected to be held in April 2007, must be in writing and received by the President of OptimumBank Holdings, Inc. at its main offices, 2477 East Commercial Boulevard, Fort Lauderdale, FL 33308, no later than December 1, 2006. If such proposal or proposals are in compliance with applicable rules and regulations, they will be included in the Company's proxy statement and form of proxy for that meeting.

## **HOW TO OBTAIN FORM 10-KSB**



OPTIMUMBANK HOLDINGS WILL MAIL WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-KSB FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005, INCLUDING THE FINANCIAL STATEMENTS AND LIST OF EXHIBITS, AND ANY PARTICULAR EXHIBIT SPECIFICALLY REQUESTED. REQUESTS SHOULD BE SENT TO OPTIMUMBANK HOLDINGS, INC., ATTN: RICHARD L. BROWDY, PRESIDENT, 2477 EAST COMMERCIAL BOULEVARD, FORT LAUDERDALE, FL 33308. THE ANNUAL REPORT ON FORM 10-KSB IS ALSO AVAILABLE ELECTRONICALLY AT THE COMPANY'S INTERNET WEBSITE [WWW.OPTIMUMBANK.COM](http://WWW.OPTIMUMBANK.COM) AND AT THE SEC'S INTERNET WEBSITE [WWW.SEC.GOV](http://WWW.SEC.GOV).

**SOLICITATION OF PROXIES**

The Proxy accompanying this Proxy Statement is solicited by the Board of Directors of the Company. Proxies may be solicited by officers, directors, and regular employees of the Company, none of whom will receive any additional compensation for their services. The Company will pay persons holding shares of common stock in their names or in the names of nominees, but not owning such shares beneficially, such as brokerage houses, banks, and other fiduciaries, for the expense of forwarding solicitation materials to their principals. All of the costs of solicitation of proxies will be paid by the Company.

**VOTING PROCEDURES**

A shareholder who abstains from voting on any or all proposals will be included in the number of shareholders present at the meeting for the purpose of determining the presence of a quorum. Abstentions and broker non-votes will not be counted either in favor of or against the election of the nominees or other proposals. Under the rules of the National Association of Securities Dealers, brokers holding stock for the accounts of their clients who have not been given specific voting instructions are allowed to vote client proxies on the election of directors.

**OTHER MATTERS**

Management does not know of any matters to be presented at the meeting other than those set forth above. However, if other matters come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the shares represented by the proxy in accordance with the recommendations of management on such matters, and discretionary authority to do so is included in the proxy.

**VOTE BY TELEPHONE OR INTERNET**

**QUICK \*\*\* EASY \*\*\* IMMEDIATE**

**OPTIMUMBANK HOLDINGS, INC.**

*Voting by telephone or Internet is quick, easy and immediate.* As an OptimumBank Holdings, Inc. shareholder, you have the option of voting your shares electronically through the Internet or on the telephone, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet or by telephone must be received by 7:00 p.m., Eastern Time, on April 26, 2005.

**To Vote Your Proxy by Internet**

***www.continentalstock.com***

Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

**To Vote Your Proxy by Phone**

**1 (866) 894-0537**

Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares.

**PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY OR BY PHONE.**

**To Vote Your Proxy by Mail**

Mark, sign and date your proxy card below, detach it and return it in the postage-paid envelope provided.

**FOLD AND DETACH HERE AND READ THE REVERSE SIDE**

**PROXY**

**THIS PROXY WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS PROVIDED, THIS PROXY WILL BE VOTED "FOR" THE PROPOSAL. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

Please mark **x**  
your  
votes  
like this

|                             | FOR | WITHHOLD<br>AUTHORITY |
|-----------------------------|-----|-----------------------|
| 1. ELECTION OF<br>DIRECTORS | ..  | ..                    |

(To withhold  
authority to vote for  
any

**COMPANY ID:**

individual nominee,  
strike a line through

**PROXY NUMBER:**

that nominee's name  
in the list below)

**NOMINEES:**

**ACCOUNT NUMBER:**

01 Albert J. Finch, 02 Richard L. Browdy, 03 Michael Bedzow, 04 Sam  
Borek,

05 Irving P. Cohen, 06 Gordon Deckelbaum, 07 H. David Krinsky,

08 Wendy Mitchler, 09 Larry Willis

Signature \_\_\_\_\_ Signature if held jointly  
\_\_\_\_\_ Dated: \_\_\_\_\_, 2006

**IMPORTANT PLEASE SIGN EXACTLY AS NAME APPEARS HEREON.** When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by an authorized person.

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**[BLANK]**

**FOLD AND DETACH HERE AND READ THE REVERSE SIDE**

**OPTIMUMBANK HOLDINGS, INC.**

**P R O X Y**

**FOR 2006 ANNUAL MEETING OF THE SHAREHOLDERS OF OPTIMUMBANK HOLDINGS, INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned hereby appoints ALBERT J. FINCH and RICHARD L. BROWDY, and each of them, with full power of substitution, as proxies to vote the shares which the undersigned is entitled to vote at the 2006 Annual Meeting of the Company to be held on April 27, 2006, at 10:00 a.m. or at any adjournment thereof. Such shares shall be voted as indicated with respect to the proposal listed on the reverse side hereof and in the discretion of the proxies on such other matters as may properly come before the meeting or any adjournment thereof.

**(CONTINUED, AND TO BE MARKED, SIGNED AND DATED ON THE REVERSE SIDE)**