

PATRIOT NATIONAL BANCORP INC

Form 10-K/A

April 30, 2014

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K/A**

**Amendment No. 1**

**(Mark One)**

**ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2013**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 000-29599**

**PATRIOT NATIONAL BANCORP, INC.**

**(Exact name of registrant as specified in its charter)**

**Connecticut**  
**(State or other jurisdiction of**  
**incorporation or organization)**

**06-1559137**  
**(I.R.S. Employer**  
**Identification No.)**

**900 Bedford Street**  
**Stamford, Connecticut**  
**(Address of principal executive offices)**  
**(203) 324-7500**

**06901**  
**(Zip Code)**

**Registrant's telephone number**

**Securities registered under Section 12(b) of the Exchange Act:**

| <b>Title of each class</b> | <b>Name of each exchange on which registered</b> |
|----------------------------|--|
| <b>None</b>                | <b>None</b>                                      |

**Securities registered pursuant to Section 12(g) of the Act:**

**Common stock, \$.01 par value per share**

**(Title of class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$5,860,823 based on the last sale price of the common stock as of June 30, 2013 (the last business day of the most recently completed second fiscal quarter).

There were 39,122,459 shares of our Common Stock issued and outstanding as of March 31, 2014.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

None.

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**EXPLANATORY NOTE**

The annual report on Form 10-K of Patriot National Bancorp, Inc. ( Patriot , we , our , us , or the Company ) for the ended December 31, 2013, was originally filed with the Securities and Exchange Commission (the SEC ) on March 25, 2014, and this Amendment No. 1 is being filed solely to include responses to the items required by Part III. This Amendment No. 1 does not reflect events occurring after March 25, 2014, the date of the filing of our original Form 10-K, or modify or update those disclosures that may have been affected by subsequent events.

As required by Rule 12b-15 promulgated under the Securities and Exchange Act of 1934, our Chief Executive Officer and Chief Financial Officer are providing Rule 13a-14(a) certifications dated April 30, 2014 in connection with this Form 10-K/A and written statements pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated April 30, 2014.

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**PART III**

**DIRECTORS, EXECUTIVE OFFICERS,**

**AND CORPORATE GOVERNANCE**

Our executive officers and directors are as follows:

| <b>Name</b>           | <b>Age</b> | <b>Position</b>                                      |
|-----------------------|------------|--|
| Michael A. Carrazza   | 48         | Chairman of the Board of Directors                   |
| Kenneth T. Neilson    | 65         | President and Chief Executive Officer and Director   |
| Christina L. Maier    | 60         | Executive Vice President and Chief Financial Officer |
| Phillip W. Wolford    | 66         | Secretary  |
| Edward N. Constantino | 67         | Director   |
| Raymond B. Smyth      | 67         | Director   |
| Emile Van den Bol     | 49         | Director   |
| Michael Weinbaum      | 47         | Director   |
| Samuel S. Davis       | 58         | Executive Vice President and Chief Credit Officer    |

Background of Officers and Directors

**Michael A. Carrazza**

Mr. Carrazza has been Chairman of the Board of Directors of the Company since 2010. Through PNBK Sponsor, Mr. Carrazza manages PNBK Holdings, the Company's largest shareholder. Mr. Carrazza is also CEO of Solaia Capital Advisors, an investment management company specializing in the acquisition and operational enhancement of middle market businesses. In 2004, he co-founded Bard Capital Group where he sponsored several transactions in the industrial sector. Mr. Carrazza currently serves as a director of AmQuip Crane Rental and Chairman of Siena Capital Finance. From 2001 until 2003, he was principal at The GlenRock Group, a middle market investment firm, where he structured and financed the buyout of International Surface Preparation Group, Inc. ( ISPC ) from U.S. Filter/Vivendi. He subsequently worked at ISPC as Vice President in the office of the Chairman, managing the company's financings, restructure and subsequent sale.

**Kenneth T. Neilson**

Mr. Neilson has been President and Chief Executive Officer since March 18, 2013 and has served as a director of Patriot since 2010. Mr. Neilson is the retired President, Chairman and CEO of Hudson United Bank and Hudson United Bancorp where he served for 23 years. After becoming President and CEO in 1989, Mr. Neilson led Hudson United Bancorp from a one state, 15 branch network with \$500 million in assets, to a premiere franchise spanning four states with over 200 branch locations and an asset size of \$9 billion by 2006 when it was sold to TD Banknorth. Mr. Neilson currently serves as a Board Member of Quinnipiac University.

**Christina L. Maier**

Ms. Maier has served as Executive Vice President and Chief Financial Officer of Patriot since October 1, 2013. Prior to joining the Bank, Ms. Maier served as Senior Vice President and Director, U.S. Accounting and Reporting at Brown Brothers Harriman, a multinational financial services firm she joined in October 2006. She was Senior Vice

President and Controller of Provident New York Bancorp and served 15 years at Hudson United Bancorp, where she was First Senior Vice President, serving in capacities including Controller and Chief Accounting Officer.

**Philip W. Wolford**

Mr. Wolford has served as Patriot's Chief Compliance Officer and Secretary since October 2010. He has also served as Chief Operating Officer and Secretary of the Bank since September 2000. Mr. Wolford was Patriot's President and Secretary from December 1999 until June 2000. He was President and Chief Executive Officer of the Bank from September 1994 until June 1999 and Secretary of the Bank from September 1998 until September 2000 and President of the Bank from August 1999 until September 2000. Mr. Wolford served as a director of Patriot from 1999 to 2010 and as a director of the Bank from 1994 to 2010.

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### **Edward N. Constantino**

Mr. Constantino has over 40 years of audit, advisory and tax experience working for two major accounting firms, Arthur Anderson LLP and KPMG LLP. Mr. Constantino retired from KPMG in late 2009, where he was an Audit Partner in charge of the Firm's real estate and asset management businesses. Mr. Constantino is a member of the Board of Directors of ARC Property Trust and a member of the Audit Committee of the New York City Housing Authority. Mr. Constantino also serves as a consultant for the law firm of Skadden Arps. Mr. Constantino's specific skills include auditing national and multinational organizations, internal control and compliance, financial reporting, regulatory reporting, risk management, asset valuation, accounting and finance and transaction structuring. He is a licensed CPA, a Member of the American Institute of Certified Public Accountants and a Member of the New York State Society of Public Accountants. He is currently a Member of the Board of Trustees and the Audit Committee Chairman of St. Francis College.

### **Raymond Smyth**

Mr. Smyth served as our director from November 2008 until 2010 and since 2011. He is a retired partner in the accounting firm of Masotti & Masotti. In addition, he is a CPA and a financial expert.

### **Emile Van den Bol**

Mr. Van den Bol is currently the Chief Executive Officer of Brooklawn Capital, LLC. Brooklawn Capital is an investment management company which advises and invests in real estate and securities. Mr. Van den Bol retired in 2010 as Managing Director of the Commercial Real Estate Group of Deutsche Bank Securities, Inc. Mr. Van den Bol joined Deutsche Bank in 2001 as Managing Director and held several executive positions in the Commercial Real Estate Group including Global Co-Head Structured Finance, Global Head Commercial Real Estate CDO Group and Member of the Global Commercial Real Estate Executive Committee. Mr. Van den Bol was from 2005 to 2009 a Governor of the Board of the Commercial Mortgage Securities Association. From 1996 to 2001 Mr. Van den Bol was employed by Lehman Brothers where he held a number of positions including Head of Esoteric Principal Finance Group and Co-Head of Lehman Brothers Franchise Conduit. Mr. Van den Bol was a member of Morgan Stanley's Structured Finance Group from 1991 to 1996.

### **Michael J. Weinbaum**

Mr. Weinbaum has been the Vice President of Real Estate Operations for United Capital Corp. for more than twenty years. Mr. Weinbaum has extensive experience in real estate operations and transactions. He is a member of the International Council of Shopping Centers and has been a member of United Capital's Board of Directors since 2005. Mr. Weinbaum currently serves on the Finance Board and Board of Trustees for St. Mary's Healthcare for Children.

### **Samuel S. Davis**

Mr. Davis has served as Executive Vice President and Chief Credit Officer of Patriot since April 2013 and was the Bank's Senior Lending Officer from September 2011 to April 2013. Prior to joining Patriot in November 2009, Mr. Davis was Senior Vice President of Lending at Connecticut Community Bank from January 2000 to November 2009.

There are no family relationships among our executive officers and directors. None of our executive officers or directors has, during the past five years:

- (a) had any petition under the federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of, such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
- (b) been convicted in a criminal proceeding or subject to a pending criminal proceeding;
- (c) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or any federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, futures, commodities or banking activities; or
- (d) been found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Future Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

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### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers, directors and persons who own more than ten percent of the issued and outstanding shares of Common Stock to file reports of beneficial ownership and changes in beneficial ownership with the SEC and to furnish copies of all Section 16(a) forms to the Company. No Form 3 or 4 filings are known to be late for any of the directors, officers and beneficial owners of more than 10 percent of any class of equity securities of the Company in 2013, except for one filing by Mr. Neilson and two filings by Mr. Davis.

### **Nominations to the Board of Directors**

Stockholders may recommend individuals to the Nominating and Corporate Governance Committee of the Board of Directors for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials, to the Nominating Committee, c/o Corporate Secretary, Patriot National Bancorp, Inc., 900 Bedford Street, Stamford, Connecticut 06901.

### **Code of Ethics**

We have a Code of Ethics that governs all of our employees, including our CEO, CFO, principal accounting officer or persons performing similar functions. We will provide a copy of our Code of Ethics free of charge to any person upon written request to us at the following address: 900 Bedford Street, Stamford, Connecticut 06901; Attn: Chief Financial Officer.

### **Board of Directors**

The Board of Directors currently consists of six members. Directors serve until their successors are duly elected or appointed. The Board of Directors has designated a Compensation Committee, Audit Committee, Nominating and Corporate Governance Committee and Executive Committee of the Board. Messrs. Constantino (chairman), and Van den Bol are members of the Compensation Committee; Messrs. Constantino (chairman), Smyth, and Van den Bol are members of the Audit Committee; Messrs. Van den Bol (chairman), Carrazza, Constantino and Weinbaum are members of the Nominating and Corporate Governance Committee; and Messrs Carrazza (chairman), Constantino, Neilson and Van den Bol are members of the Executive Committee of the Board.

### **Audit Committee Financial Expert**

Our Board of Directors has determined that Edward N. Constantino and Raymond Smyth are the financial experts serving on our Audit Committee.

**Table of Contents****Item 11. Executive Compensation****EXECUTIVE COMPENSATION****Summary Compensation Table**

The table below sets forth, for the last two fiscal years, the compensation earned by our Chief Executive Officer, Chief Financial Officer and the two other executive officers who received the highest annual compensation.

| Name and Principal Position(s )                      | Year | Salary     | Bonus      | All Other        |                     | Total      |
|--|------|------------|------------|------------------|---------------------|------------|
|  |      |            |            | Restricted Stock | Annual Compensation |            |
| Michael A. Carrazza                                  | 2013 | \$ 200,000 | \$         | \$               | \$                  | \$ 200,000 |
| Chairman   | 2012 | \$ 300,000 | \$         | \$               | \$ 658              | \$ 300,658 |
| Christopher D. Maher (1)                             | 2013 | \$ 111,173 | \$         | \$               | \$ 3,000            | \$ 114,173 |
| President and CEO                                    | 2012 | \$ 375,000 | \$         | \$               | \$ 18,250(7)        | \$ 393,250 |
| Kenneth T. Neilson (2)                               | 2013 | \$         | \$ 200,000 | \$ 300,000       | \$ 181,457(8)       | \$ 681,457 |
| President and CEO                                    | 2012 | \$         | \$         | \$ 25,000        | \$                  | \$ 25,000  |
| William C. Gray (3)                                  | 2013 | \$ 209,269 | \$ 3,500   | \$               | \$                  | \$ 212,769 |
| Executive Vice President and Chief Financial Officer | 2012 | \$ 201,923 | \$         | \$               | \$ 4,442            | \$ 206,365 |
| Christina L. Maier (4)                               | 2013 | \$ 48,462  | \$         | \$ 60,000        | \$                  | \$ 108,462 |
| Executive Vice President and Chief Financial Officer | 2012 | \$         | \$         | \$               | \$                  | \$         |
| Mark C. Foley (5)                                    | 2013 | \$ 82,692  | \$         | \$               | \$ 2,481            | \$ 85,173  |
| Executive Vice President and Chief Credit Officer    | 2012 | \$ 215,000 | \$         | \$               | \$ 17,977(9)        | \$ 232,977 |
| Samuel Davis (6)                                     | 2013 | \$ 200,000 | \$ 25,000  | \$ 30,000        | \$                  | \$ 255,000 |
| Executive Vice President and Chief Credit Officer    | 2012 | \$ 160,000 | \$         | \$               | \$                  | \$ 160,000 |

(1) Mr. Maher resigned as President and CEO effective March 18, 2013.

(2) Mr. Neilson assumed the position of President and CEO effective March 18, 2013.

(3) Mr. Gray was the Chief Financial Officer from December 1, 2012 through his retirement on September 30, 2013.

(4) Ms. Maier has been employed by Patriot as Chief Financial Officer since October 1, 2013.

(5) Mr. Foley was the Chief Credit Officer from November 2011 through May 2013.

(6) Mr. Davis assumed the position of Chief Credit Officer in April 2013.

(7) Includes a \$12,000 annual automobile allowance.

(8) Includes a \$12,000 annual automobile allowance, \$123,800 housing costs and \$28,275 travel reimbursements

(9) Includes a \$15,000 relocation allowance.

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### **401(k) Plan**

The Bank maintains a tax-qualified 401(k) Plan under Section 401(a) of the Internal Revenue Code with a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code. Employees become eligible to make salary reduction contributions to the 401(k) Plan and to receive any matching or discretionary contributions made to the 401(k) Plan by the Bank on the first day of the quarter coinciding with or next following the date that the employee has attained 21 years of age and completed at least 1,000 hours of service in a period of six to 12 consecutive calendar months.

Under the 401(k) Plan, participants may elect to have the Bank contribute a portion of their compensation each year, subject to certain limitations imposed by the Internal Revenue Code. The 401(k) Plan permits the Bank to make discretionary matching and additional discretionary contributions to the 401(k) Plan. Participants in the 401(k) Plan may direct the investment of their accounts in several types of investment funds.

Participants are always 100% vested in their elective deferrals, matching and discretionary matching contributions and related earnings under the 401(k) Plan. Participants are permitted to receive a distribution from the 401(k) Plan only in the form of a lump sum payment.

### **Patriot National Bancorp, Inc. 2012 Stock Plan**

In 2011, Patriot adopted the Patriot National Bancorp, Inc. 2012 Stock Plan. The 2012 Plan is administered by the Compensation Committee of Patriot's Board of Directors. Grants under the 2012 Plan may be made in the form of stock options, restricted stock and phantom stock units. The 2012 Plan authorizes 3,000,000 shares of Patriot's common stock for issuance. Phantom stock units may be granted under the 2012 Plan up to 1,000,000 units.

Under the terms of the 2012 Plan, only Patriot employees and employees of its subsidiaries may receive stock options. The exercise price of the stock options shall be not less than the fair market value of the stock on the date of grant. The Compensation Committee shall determine the dates upon which the options may be exercisable, which shall not exceed 10 years from the date of grant. The options may be exercised on a cashless basis if approved by the Compensation Committee.

Under the original plan, only non-employee directors were eligible to receive grants of restricted stock. Those grants generally vest in quarterly installments over a four year period from the date of grant. In September 2013 an amendment to the Stock Plan was approved by Patriot's stockholders. The Plan was amended to expand the persons eligible to receive grants of restricted stock under the 2012 Plan to include officers of the Company and its subsidiaries. The vesting of these grants generally occurs in annual installments over a five year period. The vesting of restricted stock awards and options may be accelerated in accordance with terms of the plan. The Compensation Committee shall make the terms and conditions applicable to the vesting of restricted stock awards and stock options.

Only Patriot's employees and employees of its subsidiaries are eligible to receive phantom stock units under the 2012 Plan. The phantom stock units entitle the holder to receive upon exercise, in cash or shares of common stock, the appreciation in the value of the common stock from the date of grant. The Plan Committee shall determine the terms and conditions of each phantom stock unit award. Upon a change of control of Patriot, the grantee shall be required to redeem all of his or her phantom stock units. In the event of a sale of substantially all of Patriot's assets, all outstanding phantom stock units will be redeemed.

Under Patriot's 2012 Stock Plan, 117,387 shares of restricted stock were awarded in 2012. 329,649 shares of restricted stock were awarded in 2013.



**Table of Contents****Director Compensation**

The following table details the compensation paid to or accrued for each of Patriot's non-management directors in 2013:

| Name                                     | Fees Earned or<br>Paid<br>in Cash<br>(\$) | Cash<br>Awards<br>(\$) | Stock<br>Awards <sup>(2)</sup><br>(\$) | Option<br>Award<br>(\$) | Non-Equity<br>Incentive<br>Plan<br>Compensation<br>(\$) | Change<br>in<br>Pension Value<br>and |              | All<br>Other<br>Compensation<br>(\$) | Total<br>(\$) |
|--|---|------------------------|--|-------------------------|---|--------------------------------------|--------------|--------------------------------------|---------------|
|  |   |                        |  |                         |   | Nonqualified<br>Deferred<br>Earnings | Compensation |                                      |               |
| <b>Edward N. Constantino</b>             | 19,250                                    | -0-                    | 4,818                                  | -0-                     | -0-   | -0-                                  | -0-          | -0-                                  | 24,068        |
| <b>Kenneth T. Neilson</b> <sup>(1)</sup> | 3,750                                     | -0-                    | 4,818                                  | -0-                     | -0-   | -0-                                  | -0-          | -0-                                  | 8,568         |
| <b>Raymond Smyth</b>                     | 15,500                                    | -0-                    | 4,337                                  | -0-                     | -0-   | -0-                                  | -0-          | -0-                                  | 19,837        |
| <b>Emile Van den Bol</b>                 | 18,000                                    | -0-                    | 4,818                                  | -0-                     | -0-   | -0-                                  | -0-          | -0-                                  | 22,818        |
| <b>Michael J. Weinbaum</b>               | 9,250                                     | -0-                    | 4,818                                  | -0-                     | -0-   | -0-                                  | -0-          | -0-                                  | 14,068        |

(1) Mr. Neilson was a non-employee director for the period January 1, 2013 – March 17, 2013.

(2) The table provides the dollar value of any restricted stock awards that vested during the period. The awards may have been granted during the current period or prior periods.

Patriot's directors who are also executive officers do not receive compensation for service on the board of directors or any of its committees. Non-employee directors of Patriot receive \$750 for each board meeting in which they participate and fees ranging from \$250 to \$500 for each committee meeting in which they participate. In addition, non-employee directors who serve as the chair of a committee receive retainers ranging from \$2,000 to \$6,000 per year.

Our directors are also reimbursed for reasonable and necessary out-of-pocket expenses incurred in connection with their service to us, including travel expenses.

**Securities Authorized for Issuance under Equity Compensation Plans**

The Company has 3,000,000 shares of common stock authorized for issuance under the 2012 Stock Plan, of which 2,587,752 shares of stock are available for issuance as of March 31, 2013.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**  
**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The table below provides certain information about beneficial ownership of common stock of the Company as of April 15, 2014 with respect to: (i) each person, or group of affiliated persons, who is known to the Company to own more than five percent (5%) of Company common stock; (ii) each of the Company's directors; (iii) each of the Company's executive officers; and (iv) all of the Company's directors and executive officers as a group.

Except as otherwise noted, to the knowledge of the Company, all persons listed below have sole voting and dispositive power with respect to all shares of common stock they beneficially own, except to the extent authority is shared by spouses under applicable law. Applicable percentage ownership is based on 39,122,459 shares of common stock outstanding. In computing the number of shares of common stock beneficially owned by a person and applicable percentage ownership of that person, we included and deemed outstanding shares of common stock subject to options held by that person that are currently exercisable or exercisable within sixty (60) days of April 15, 2014. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each shareholder is in care of Patriot National Bancorp, Inc., 900 Bedford Street, Stamford, CT 06901.

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| <b>Beneficial Owner</b>              | <b>Shares of Common Stock<br/>Beneficially Owned</b> |                         |
|--------------------------------------|--|-------------------------|
|                                      | <b>Shares</b>  | <b>Percent of Class</b> |
| Michael A. Carrazza                  | 33,671,500(1)  | 86.1%                   |
| Edward N. Constantino                | 36,363(4)  | *                       |
| Kenneth T. Neilson                   | 596,072(2)   | 1.7%                    |
| Christina L. Maier                   | 78,942(7)  | *                       |
| Emile Van den Bol                    | 56,493(5)  | *                       |
| Raymond Smyth                        | 48,196(3)  | *                       |
| Michael J. Weinbaum                  | 76,363(4)  | *                       |
| Philip W. Wolford                    | 12,873(6)  | *                       |
| Samuel Davis                         | 71,746(8)  | *                       |
| All Directors and Executive Officers | 34,648,548   | 88.6%                   |

\* Less than one percent (1%)

- (1) Includes 33,600,000 shares held by PNBK Holdings LLC ( Holdings ). Mr. Carrazza is the manager of PNBK Sponsor LLC ( Sponsor ), which is the manager of Holdings; therefore, Mr. Carrazza may be deemed to indirectly beneficially own the shares directly owned by Holdings. Holdings has sole voting and dispositive power with regard to all 33,600,000 shares; Sponsor and Carrazza have shared voting and shared dispositive power of said shares. Also includes 55,000 shares held by Solaia Capital Management Profit Sharing Plan for the benefit of Mr. Carrazza. Mr. Carrazza has sole voting and dispositive power with regard to such shares.
- (2) Includes 57,700 shares held by Neilson Holdings LP ( NH ). Mr. Neilson is the general partner of NH; therefore, Mr. Neilson may be deemed to indirectly beneficially own the shares held by NH. Also includes 453,783 shares issued pursuant to a Restricted Stock Agreement which have not yet vested.
- (3) Includes 6,264 shares held in an IRA for the benefit of Mr. Smyth. Also includes 16,129 shares issued pursuant to a Restricted Stock Agreement which have not yet vested.
- (4) Includes 16,401 shares issued pursuant to a Restricted Stock Agreement which have not yet vested.
- (5) Includes 29,700 shares held by Brooklawn Capital LLC ( Brooklawn ). Mr. Van den Bol is the Chief Executive Officer of Brooklawn ; therefore, Mr. Van den Bol may be deemed to indirectly beneficially own the shares held by Brooklawn. Also includes 16,401 shares issued pursuant to a Restricted Stock Agreement which have not yet vested.
- (6) Includes 84 shares held in joint tenancy with Regine Vantiegheem, Mr. Wolford s wife; and 302 shares owned solely by Regine Vantiegheem over which Mr. Wolford disclaims beneficial ownership.
- (7) Includes 57,692 shares issued pursuant to a Restricted Stock Agreement which have not yet vested.
- (8) Includes 28,846 shares issued pursuant to a Restricted Stock Agreement which have not yet vested.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence Directors and Officers of Patriot**

In the ordinary course of business, the Bank has made loans to officers and directors (including loans to members of their immediate families and loans to companies of which a director owns 10% or more). There were no loans to officers and directors outstanding as of December 31, 2013. In the opinion of management, all of such loans were made in the ordinary course of business of the Bank on substantially the same terms, including interest rates and collateral requirements, as those then prevailing for comparable transactions with persons not related to the lender. The Bank believes that at the time of origination these loans neither involved more than the normal risk of

collectibility nor presented any other unfavorable features.

Information about transactions involving related persons is assessed by Patriot's independent directors. Related persons include Patriot's directors and executive officers as well as immediate family members of directors and officers. If the independent directors approve or ratify a material transaction involving a related person, then the transaction would be disclosed in accordance with the SEC rules. If the related person is a director, or a family member of a director, then that director would not participate in those discussions.

### **Board Independence**

We are subject to the listing standards of the SEC rules pertaining to director independence, and we believe that Messrs. Constantino, Smyth, Van den Bol and Weinbaum are independent directors as that term is defined by applicable listing standards of the Nasdaq stock market and SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee definition of Rule 16b-3 promulgated under the Exchange Act.

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The following table sets forth the principal accounting fees we paid to KPMG LLP, an independent registered public accounting firm, with respect to our fiscal years ended December 31, 2013 and 2012 for: (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements; (ii) services rendered that are reasonably related to the performance of the audit or review of our financial statements and that are not reported as audit fees; (iii) services rendered in connection with tax compliance, tax advice and tax planning; and (iv) all other services rendered.

|                    | Year Ended           |                      |
|--------------------|----------------------|----------------------|
|                    | December 31,<br>2013 | December 31,<br>2012 |
| Audit fees (1)     | \$ 369,000           | \$ 462,750           |
| Audit-related fees |                      |                      |
| Tax fees (2)       | 39,800               | 65,000               |
| All other fees     |                      |                      |
| <b>Total fees</b>  | <b>\$ 408,800</b>    | <b>\$ 527,750</b>    |

- (1) Audit fees with respect to the years ended December 31, 2013 and December 31, 2012 represent payments made by Patriot to KPMG LLP for professional services. These payments were approved by the Audit Committee.
- (2) Tax fees with respect to the years ended December 31, 2013 and December 31, 2012 represent payments made by Patriot to KPMG LLP for their preparation of Patriot's federal and state income tax returns, tax advice and planning. These payments were approved by the Audit Committee.

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**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has adopted a policy for pre-approval of audit and permitted non-audit services by the Company's independent registered public accountants. The Audit Committee will consider annually and, if appropriate, approve the provision of audit services by its external auditor and consider and, if appropriate, pre-approve the provision of certain defined audit and non-audit services. The Audit Committee also will consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved.

Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the Audit Committee for consideration at its next regular meeting or, if earlier consideration is required, to the Audit Committee or one or more of its members. The member or members to whom such authority is delegated shall report any specific approval of services at its next regular meeting. The Audit Committee will regularly review summary reports detailing all services being provided to the Company by its external auditor.

The Audit Committee approved the audit-related fees, tax fees and all other fees set forth above for the year ended December 31, 2013.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(b) Index to Exhibits

- 31.1 Certification of CEO required by Section 302 of the Sarbanes-Oxley Act of 2002\*
- 31.2 Certification of CFO required by Section 302 of the Sarbanes-Oxley Act of 2002\*
- 32.1 Certification of CEO and CFO required by Section 906 of the Sarbanes-Oxley Act of 2002\*

\* Filed herewith

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**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PATRIOT NATIONAL BANCORP, INC.

Date: April 30, 2014

By: /s/ Kenneth T. Neilson  
Kenneth T. Neilson  
President and Chief Executive Officer