

FIRST FINANCIAL CORP /TX/
Form DEF 14C
July 21, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

**Information Statement Pursuant to Section 14(c)
of the Securities Exchange Act of 1934**

(Amendment No. _____)

Check the appropriate box:

Preliminary Information Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

Definitive Information Statement

First Financial Corporation

(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check appropriate box):

<input checked="" type="checkbox"/>	No fee required
<input type="checkbox"/>	Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11
(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
(5)	Total fee paid:
	Fee paid previously with preliminary materials.
	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed: July 22, 2008

[Letterhead of First Financial Corporation]

July 22, 2008

Dear Fellow Shareholder:

I am pleased to invite you to the annual meeting of shareholders of First Financial Corporation to be held on Thursday, August 21, 2008 beginning at 10:00 o'clock a.m. The meeting will be held at the company's principal office, 800 Washington Avenue, Waco, Texas.

The annual meeting is an excellent opportunity to discuss the condition of the corporation, and we encourage you to attend. Shareholders will have the opportunity to ask questions during the meeting.

We also encourage you to review the Information Statement and the Annual Report on Form 10-KSB, both of which are enclosed with this letter. These enclosures will provide you with considerable information about the directors to be elected at the coming annual meeting.

We sincerely appreciate your continued support and interest in First Financial Corporation and look forward to seeing you at the annual meeting.

WE ARE NOT ASKING FOR YOUR PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Regards,

David W. Mann, President



[FIRST FINANCIAL CORPORATION LOGO]

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of the Shareholders of First Financial Corporation (the Company) will be held at 800 Washington Ave., Waco, Texas 76701 on Thursday, August 21, 2008, at 10:00 a.m. local time for the following purposes:

1. To elect four members of the Board of Directors.
2. To approve a proposal to amend the Company's Restated Articles of Incorporation to increase the number of shares of common stock the Company is authorized to issue.
3. To ratify the appointment of Pattillo, Brown & Hill, L.L.P., certified public accountants, as the Company's independent accountants for the fiscal year ending December 31, 2008.
4. To transact such other business as may properly come before the Annual Meeting of the Shareholders or any adjournment thereof.

The close of business on July 14, 2008 as been fixed as the record date for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

BY ORDER OF THE BOARD OF DIRECTORS

David W. Mann, President

Waco, Texas

July 22, 2008

FIRST FINANCIAL CORPORATION

800 Washington Avenue

P.O. Box 269

Waco, Texas 76703

(254) 757 2424

INFORMATION STATEMENT

Relating to

ANNUAL MEETING OF SHAREHOLDERS

to be held on August 21, 2008

WE ARE NOT ASKING YOU FOR A PROXY AND

YOU ARE REQUESTED NOT TO SEND US A PROXY

This Information Statement is being furnished by the Board of Directors of First Financial Corporation (the Company) to provide information to holders of shares of the Company's common stock in connection with the Annual Meeting of Shareholders to be held at the principal executive offices of the Company at 800 Washington Avenue, Waco, Texas, on August 21, 2008, at 10:00 a.m., local time, and at any adjournment thereof for the purposes set forth in the accompanying Notice of Annual Meeting. This Information Statement is being mailed on or about July 22, 2008. **WE ARE NOT ASKING YOU FOR A PROXY TO BE VOTED FOR YOU AT THE ANNUAL MEETING AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

The Board of Directors has fixed the close of business on July 14, 2008, as the record date for determination of the shareholders entitled to notice of and to vote at the Annual Meeting (Record Date). As of the Record Date, there were

issued and outstanding 402,058 shares of Company common stock. A majority of such shares will constitute a quorum for the transaction of business at the Annual Meeting. The holders of record on the Record Date of shares entitled to be voted at the Annual Meeting are entitled to cast one vote per share on each matter submitted to a vote at the Annual Meeting.

At the Annual Meeting, shareholders will be asked to vote to elect Directors, to vote on a proposal to amend the Company's Restated Articles of Incorporation to increase the number of shares of common stock the Company is authorized to issue and to ratify the appointment of Pattillo, Brown & Hill, L.L.P., certified public accountants, as the Company's independent accountants for the fiscal year ending December 31, 2008. Directors to be elected at the Annual Meeting will be elected by a plurality of the votes cast (that is, the nominees receiving the largest number of votes will be elected). Shareholders do not have cumulative voting rights. Abstentions and broker non-votes will not affect the outcome of the election of directors. The proposal to amend the Company's Restated Articles of Incorporation will be adopted if the holders of at least two-thirds of the outstanding Common Stock vote in favor of adopting the amendment. Abstentions and broker non-votes will have the effect of votes against adoption of the proposal to amend the Company's Restated Articles of Incorporation.

We expect no matter to be presented for action at the Annual Meeting other than the election of directors, amendment of the Articles of Incorporation of the Company to increase the number of authorized shares, and the ratification of the appointment of the Company's independent accountants for the fiscal year ending December 31, 2008. If any other matters are presented, however, they will be decided by a majority of the shares represented at the meeting, in person or by valid proxy, except as otherwise required by law. Votes will be counted by representatives of the Company at the Annual Meeting.

The Company will bear all costs and expenses relating to the preparation, printing, and mailing of this Information Statement and accompanying materials to shareholders. The Company will make arrangements with and reimburse the reasonable out-of-pocket expenses of brokerage firms and other custodians, nominees and fiduciaries for forwarding the Information Statement to the beneficial owners of the shares of common stock held by them.

ELECTION OF DIRECTORS

At the Annual Meeting, four directors are to be elected to serve until the 2009 Annual Meeting of Shareholders and until their respective successors have been elected and qualified, or until their earlier death, resignation or removal from office. Our Board of Directors has nominated the four persons named below for election at the Annual Meeting. All of the nominees are currently directors of the Company. The Company has no formal procedures for nomination of directors by shareholders. Shareholders do not have cumulative voting rights.

Each nominee has agreed to serve as a director of the Company. The Board of Directors knows of no reason why any of its nominees will be unable to accept election. However, if any nominee becomes unable to accept election, the Board will select a substitute nominee. The Board reserves the right, pursuant to the Company's by-laws and the Texas Business Corporation Act, to increase the size of the Board of Directors after the coming Annual Meeting and to fill no more than two vacancies thus created if suitable candidates can be found to serve as directors of the Company, although the Board of Directors has no current intention to take any such action and no such candidates have been identified. Any such directors appointed by the Board of Directors would serve until the next following annual meeting of shareholders and until their successors are elected.

The following table sets forth certain information, as of April 30, 2008, with respect to the persons nominated by the Board of Directors for election as directors of the Company at the Annual Meeting, including information as to David W. Mann, the Company's only executive officer.

Name and Principal Occupation for the Last Five Years	Age	Director Since	Positions With Company
David W. Mann President, First Financial Corporation since May 21, 1992; Chairman of the Board, First Financial Corporation since May 15, 2001, Director since 1991; President, First Preference Mortgage Corp. from February 7, 1993 to September 30, 2004, from October 8, 2004 to September 30,	52	5-21-91	President, Chief Executive Officer, Chief Financial Officer, and Chairman of the

2005, and since April 1, 2006; Chairman of the Board, First Preference Mortgage Corp. since February 5, 2002; President, Chief Executive Officer, Citizens State Bank, Woodville, Texas since March 25, 1997, Vice Chairman of the Board, Citizens State Bank, Woodville, Texas since June 28, 1994 until April 25, 2006, Chairman of the Board, Citizens State Bank, Woodville, Texas since April 25, 2006; Mr. Mann is also an officer and director of certain insurance agencies and companies and holds positions with several other family-owned entities.

Board

Name and Principal Occupation			Positions
for the Last Five Years	Age	Director Since	With Company
James Lee Motheral	53	2-6-01	Director
Since January 1, 1996, Mr. Motheral has been employed in the field of print management as President of Motheral Printing Company.			
Dr. Raymond A. Parker	79	11-15-01	Director
Dr. Parker is a retired minister, a director of Security Bancshares Inc., and a director of Citizens State Bank of Woodville, Texas.			
Joseph Edward Walker	77	2-06-01	Director
Mr. Walker was employed by Video Productions and Impact Productions from January 1, 1996 until his retirement in 2005.			

The Board of Directors held four regular meetings during 2007. All directors attended at least 75% of all board meetings held in 2007.

The Board of Directors has no audit, nominating or compensation committees, or any other committees performing similar functions. The Board as a whole performs the functions that would otherwise be performed by those

committees.

In connection with performing its functions as an audit committee, the full Board has determined that David W. Mann qualifies as an audit committee financial expert, as that term is defined in Item 407(d)(5)(ii) of the Securities and Exchange Commission's Regulation S-B. Mr. Mann, because he is an officer and principal owner of the Company, would not be considered independent within the meaning of the independence requirements of any national securities exchange or national securities association. It should be noted, however, that, because the Company's securities are not listed on any such exchange or traded on a trading system maintained by any national securities association, no financial expert is required to be on the Company's Board of Directors or to be independent.

All members of the Board of Directors participate in the consideration of director nominees. The Board does not have a separate committee that performs the functions of a nominating committee because the Board is sufficiently small that its functions can be adequately handled by the full Board and because the requirement of an independent nominating committee is not applicable to the Company because its securities are not listed on a national securities exchange or on a trading system maintained by a national securities association. The Company has not determined whether each member of its Board of Directors will be considered independent as that term is defined in the rules of any national securities exchange or securities association that apply to listed companies because, even if the Company were a listed company, the rules defining independence for nominating committee purposes would not apply to the Company because the Company's voting securities are controlled by a majority shareholder.

In performing its functions as a nominating committee, the Board of Directors has not adopted a charter or any procedures analogous to a charter. The Board has no policy with regard to the consideration of any director candidates recommended by security holders because the election of the Company's directors is controlled by a majority shareholder, because the Company's Board of Directors does not solicit proxies for shareholder meetings at which directors are elected, and because shareholders are entitled to nominate their own candidates for election at such meetings. For similar reasons the Board has adopted no policy as to the procedures to be followed by security holders in submitting such recommendations or the minimum qualifications, qualities or skills that a director nominee must possess. The Board has not adopted any formal process for identifying and evaluating nominees for director, whether recommended for election by the Board or by security holders. Any shareholder of the Company desiring to nominate a person for election as a director of the Company should attend the annual meeting and propose his or her candidate for election as a director at the meeting.

Generally, all members of the Board of Directors participate in the consideration of executive officer and director compensation and in doing so, the Board acts on recommendations of Mr. Mann, the Company's only executive officer. The Board does not have a separate committee that performs the functions of a compensation committee because the Board is sufficiently small that its functions can be adequately handled by the full Board and because the requirement of an independent compensation committee is not applicable to the Company because its securities are not listed on a national securities exchange or on a trading system maintained by a national securities association. The Board has not adopted a charter or any procedures analogous to a charter. Neither the Company nor the Board has used the services of a compensation consultant to determine or recommend executive or director compensation. During 2007 the Board did not consider any changes to executive or director compensation, but Mr. Mann unilaterally reduced his own compensation as an executive officer to reflect the financial position of the Company. Compensation of the Company's directors for their service in that capacity (\$1,000 to each non-employee director per meeting attended) has not changed since before 1995.

The Company's Board of Directors has provided a process for security holders to send communications to the Board of Directors. Shareholders wishing to do so may send a letter by mail addressed to any or all of the Company's directors in care of Ms. Cathy Davis, Secretary, First Financial Corporation, 800 Washington, Waco, TX 76701. All such letters will be relayed to the directors to whom they are addressed.

Although the Company's Board of Directors has no formal policy with regard to the attendance by directors at annual meetings of the Company's shareholders, all directors are encouraged to attend the annual meetings. Four directors attended the last annual meeting of shareholders, which was held in 2007.

SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents certain information, to the extent known to the Company, regarding the number and percentage of shares of common stock beneficially owned by each person who beneficially owns more than 5% of the Company's common stock, by each director, our executive officer, and all directors and our executive officer as a group, as of April 30, 2008. Except as otherwise indicated, the parties named below have sole voting and investment power with respect to the shares beneficially owned by them.

Name and Address	Number of Shares <u>Beneficially Owned</u>	Percentage of All <u>Outstanding Shares</u>
<u>of Beneficial Owner</u> First Financial Holdings, Ltd. ⁽¹⁾ 800 Washington Ave. Waco, Texas 76701	102,898	25.6%
Harold E. Allison, III ⁽²⁾ 102 West Bluff Street Woodville, Texas 75979	102,898	25.6%
JRPM Investments, Ltd. ⁽³⁾ 800 Washington Ave. Waco, Texas 76701	228,530	56.8%
David W. Mann 800 Washington Ave. Waco, Texas 76701	331,428 ⁽⁴⁾	82.4%
James Lee Motheral 4416 Overton Crest	-0-	-0-

Ft. Worth, Texas 76109
Dr. Raymond A. Parker

-0-

-0-

Hwy., 256N-509 CR 2080

Woodville, Texas 75979
Joseph Edward Walker

-0-

-0-

12566 Chapel Road

Lorena, Texas 75566
All directors and executive

331,428

82.4%

officers as a group

(1) First Financial Holdings, Ltd. (Holdings) is a Texas limited partnership the general partners of which are David W. Mann and FFC Holdings, Inc., a Texas corporation (FFCH). Mr. Mann is president and sole director of FFCH. The sole shareholder of FFCH is the David W. Mann 1990 Trust (the 1990 Trust). Mr. Mann, his spouse and his descendants are the sole current beneficiaries of the 1990 Trust.

(2) Mr. Allison is the sole trustee of the 1990 Trust. He is an executive officer of Citizens State Bank, Woodville, of which David W. Mann is president, chief executive officer and a director. All of the shares shown as beneficially owned by Mr. Allison consist of the 102,898 held directly by Holdings (see footnote 1) and are included in the shares beneficially owned by David W. Mann (see footnote 4).

(3) JRPM Investments, Ltd. (JRPM) is a Texas limited partnership the general partners of which are David W. Mann and RAM Investors, Inc., a Texas corporation of which Mr. Mann is president, sole director and sole shareholder.

(4) Consists of (i) the 102,898 shares owned directly by Holdings (see footnote 1), and (ii) the 228,530 shares owned directly by JRPM (see footnote 3).

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers, controller, and beneficial owners of more than 10% of the Company's common stock to file certain beneficial ownership reports with the Securities and Exchange Commission. The Company is not aware of the failure by any of such persons to file timely any such report during 2007 or with respect to transactions occurring during 2007.

EXECUTIVE AND DIRECTOR COMPENSATION

The following table sets forth information regarding the compensation paid to or for the Company's chief executive officer.

Summary Compensation Table

Name and <u>Principal</u>	<u>Year</u>	<u>Salary</u> ⁽¹⁾
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Position

David W. Mann 2007 \$100,000

President, Chief 2006 152,000
Executive Officer and
Chief Financial Officer

(1) Salary was the only form of compensation received by Mr. Mann in the years presented.

There were no outstanding equity awards as of December 31, 2007.

During 2007, each non-employee director of the Company (all directors other than David W. Mann) was paid a fee of \$1,000 for each regular meeting of the Board of Directors that such director attended. The Company does not have any standard arrangements or other arrangements pursuant to which any director of the Company was compensated during the last completed fiscal year for any service as a director, including committee participation and special assignments.

Director compensation

<u>Name of Director</u>	<u>Fees Earned or Paid in Cash</u> ⁽¹⁾
James Lee Motheral	\$ 4,000
Raymond A. Parker	\$ 4,000
Walter J. Rusek ⁽²⁾	\$ 1,000
Joseph Edward Walker	\$ 4,000

(1) Fees earned or paid in cash were the only form of compensation received by the Company's directors in 2007.

(2) Mr. Rusek served as a director of the Company from 1970 until his death on April 18, 2007.

PROPOSAL TO AMEND ARTICLE FOUR OF THE COMPANY'S
RESTATED ARTICLES OF INCORPORATION TO INCREASE
THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

General

Article Four of the Company's Restated Articles of Incorporation currently authorizes 500,000 shares of no-par value, but does not expressly designate these shares as shares of common stock. Article Four also includes a provision for a stock split of its shares, which occurred many years ago and is no longer necessary. As of July 14, 2008, the number of shares of Common Stock that were authorized but not outstanding or reserved for issuance was 97,942.

The Board proposes to amend Article Four of the Company's Restated Articles of Incorporation to increase the number of authorized shares by 1,500,000 shares to 2,000,000 shares. The proposed amendment would also expressly designate all shares of capital stock of the Company as shares of common stock and delete the provision for the stock split, which is no longer necessary. No substantive change to the rights of shareholders will take place by virtue of the re-designation of the shares as shares of common stock or by virtue of the deletion of the provision for the stock split, which has already become effective. The affirmative vote of the holders of two-thirds of all of the outstanding shares is required to approve the proposal.

The text of the proposed Articles of Amendment to the Company's Restated Articles of Incorporation is set forth in Appendix A to this information statement.

