CONNOR ROBERT E
Form 3/A
January 20, 2009

FORM 3

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

OMB APPROVAL	
OMB Number:	3235-0104
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â CONNOR ROBERT E
(Last) (First) (Middle)

1345 AVENUE OF THE AMERICAS
(Street)

NEW YORK,Â NYÂ 10105
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
02/22/2007

3. Issuer Name **and** Ticker or Trading Symbol
Nicholas-Applegate Equity & Convertible Income Fund [NIE]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)
02/22/2007

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
NO SECURITIES ARE BENEFICIALLY OWNED (1)	0	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative	6. Nature of Indirect Beneficial Ownership (Instr. 5)

Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CONNOR ROBERT E 1345 AVENUE OF THE AMERICAS NEW YORK,Â NYÂ 10105	Â X	Â	Â	Â

Signatures

THOMAS J. FUCCILLO, ATTORNEY IN FACT	01/15/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This amended Form 3 is filed solely for the purpose of attaching a Power of Attorney, attached to this filing as Exhibit 24.1.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. es, Serif; font-size: 10pt">

The Company's executive officers are able to participate in the Company's Retirement and Savings 401(k) Plan (the "401(k) Plan"), which is a combination savings and profit sharing plan designed to qualify under Section 401 of the U.S. Internal Revenue Code. Participation in the 401(k) Plan is generally available to all Ballantyne employees on the same terms. Each participant may defer up to 100% of his or her compensation. The Company may make a discretionary matching contribution equal to a uniform percentage of salary. Each year the Company determines the amount of the discretionary percentage. In 2018, the Company matched 50% of the amount deferred up to 6% of each participating employee's contribution. Employee contributions to the 401(k) Plan are non-forfeitable. Employer contributions vest annually over three years on the employee's employment anniversary. Benefits may be distributed to participants or their beneficiaries, as the case may be, in the event of a participant's death, retirement or other termination of service, or, if the participant so requests, on reaching age 59½. Participants may be eligible to withdraw benefits in case of hardship.

Contributions to the 401(k) Plan made by the Company on behalf of the NEOs are included in the 2018 Summary Compensation Table.

Employment Agreements

The Company currently has written employment agreements with Messrs. Boegner and Roberson. The Company also had a written employment agreement with, and, upon his resignation effective November 16, 2018, has a consulting agreement with, Mr. Schulz. The material provisions of these employment and consulting agreements are discussed below.

Mr. Boegner's employment agreement with the Company, which was entered into on February 14, 2012, provides for a base salary, subject to annual review and adjustment, and Mr. Boegner's eligibility to participate in and/or receive other benefits under compensation plans provided to other executive employees of the Company, including an automobile allowance (which allowance was eliminated effective as of March 1, 2017). He is eligible for performance-based compensation in the form of an annual bonus and is eligible to receive awards, in the Compensation Committee's discretion, under the Company's long-term incentive plans. Pursuant to his employment agreement, in the event that his employment is terminated by Ballantyne without good cause or by Mr. Boegner for good reason, as these terms are defined in the agreement, then he will receive his base salary for period equal to three (3) weeks for each year that he has been employed by the Company. In addition, Ballantyne will pay for or reimburse Mr. Boegner for the cost of health insurance during this same period. For more information on the terms of Mr. Boegner's employment agreement, see "Potential Payments Upon Termination or Change-in-Control— Employment Agreements."

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Mr. Roberson's employment agreement with the Company, which was entered into on November 7, 2018, provides for an annual base salary of $250,000, subject to annual review and adjustment, and he is eligible for performance-based compensation in the form of an annual bonus targeted at $150,000, payable partly in cash and partly through equity awards as determined by the Compensation Committee. The bonus will be subject to the achievement of performance metrics and other criteria as determined by the Compensation Committee. As a signing bonus, the Company granted to Mr. Roberson 50,000 restricted stock units pursuant to the Company's 2017 Omnibus Equity Compensation Plan, vesting over a period of three years from the date of grant, and a stock option to purchase 40,000 shares of the Company's common stock pursuant to the Company's 2017 Omnibus Equity Compensation Plan, which option will vest over a period of five years from the date of grant. Mr. Roberson is also eligible to participate in the Company's 401(k), medical, dental and vision plans and certain other benefits available generally to employees of the Company. The employment agreement also contains customary non-competition and non-solicitation covenants. Mr. Roberson's employment agreement does not provide for any specified severance benefits.

Mr. Schulz's employment agreement with the Company, which was entered into on March 23, 2017, provided for an annual base salary of $250,000 and a target annual bonus opportunity of $150,000. Any annual bonus earned based on the achievement of performance metrics and other criteria established by the Compensation Committee was payable partly in cash and partly through equity awards, as determined by the Compensation Committee. The employment agreement also provided Mr. Schulz with a signing bonus in the form of a stock option to purchase 40,000 shares of the Company's common stock, which option was scheduled to vest over a period of four years from the date of grant. Pursuant to his employment agreement, Mr. Schulz was eligible to participate in the Company's 401(k), medical, dental and vision plans and certain other benefits available generally to employees of the Company. The employment agreement also contained customary non-competition and non-solicitation covenants. Mr. Schulz's employment agreement did not provide for any specified severance benefits.

In connection with his resignation effective November 16, 2018, the Company entered into a consulting agreement with Mr. Schulz. Pursuant to the consulting agreement, Mr. Schulz agreed to provide consulting services to the Company through March 31, 2019, at the rate of $26,683 per month, pro-rated for any partial month. The Company agreed to amend Mr. Schulz's award agreement for 40,000 RSUs held by Mr. Schulz to provide that one-third of the RSUs would vest on January 26, 2019, and two-thirds of the RSUs would vest on March 31, 2019, subject to Mr. Schulz remaining in the continuous service of the Company through the applicable vesting dates. If the Company terminated the consulting agreement prior to March 31, 2019 for any reason other than cause, as defined in the Company's 2017 Omnibus Equity Compensation Plan, all unvested RSUs outstanding as of the date of such termination would immediately vest. If the Company terminated the consulting agreement for cause, or if Mr. Schulz terminated the consulting agreement for any reason, prior to March 31, 2019, all unvested RSUs outstanding as of the date of such termination would be immediately forfeited. The Company also agreed to pay the employer contribution amount of COBRA premiums through December 31, 2019, if Mr. Schulz enrolled in such post-employment coverage under the Company's health plan, subject to Mr. Schulz's continued service pursuant to the consulting agreement through March 31, 2019. On March 26, 2019, Mr. Schulz and the Company agreed to extend the consulting agreement beyond March 31, 2019 on a month-to-month basis at the same rate, pro-rated for any partial month. Either party may terminate the consulting agreement at any time.

Executive Compensation Tables

The following table sets forth information regarding all forms of compensation earned by the Company's Named Executive Officers during the last two fiscal years. Messrs. Cerminara and Boegner were employed by the Company during all of fiscal 2017 and 2018. Mr. Schulz served as Chief Financial Officer from March 29, 2017 until his resignation effective November 16, 2018, at which time Mr. Roberson was appointed to the position.

2018 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	**Stock Awards ($)[4]**	**Option Awards ($)[4]**	Non-Equity Incentive Plan Compensation ($)	**All Other Compensation ($)[12]**	Total ($)
D. Kyle Cerminara [1]	2018	225,000	—	188,000 (5)	91,074 (8)	—	5,691	509,765
Chairman and CEO	2017	210,577	—	390,000 (6)	144,577 (9)	—	5,518	750,672
Mark D. Roberson [2]	2018	25,000	—	112,500 (7)	37,223 (10)	—	85	174,808
EVP and CFO								
Lance V. Schulz [3]	2018	225,962	—	188,000 (5)	91,074 (8)	—	65,620	570,656
Former SVP, Treasurer and CFO	2017	185,577	—	—	93,591 (11)	—	5,917	285,085
Ray F. Boegner	2018	275,000	—	188,000 (5)	91,074 (8)	—	9,193	563,267
President of Strong Cinema	2017	265,385	—	65,000 (6)	96,385 (9)	—	11,282	438,052

(1) Mr. Cerminara was named to the Board of Directors on February 20, 2015. On September 23, 2015, Mr. Cerminara was appointed as Executive Chairman. Effective November 24, 2015, Mr. Cerminara was appointed as our Chief Executive Officer. He also continues to serve as our Executive Chairman. For 2018 and 2017, Mr. Cerminara did not receive any additional compensation as a director or as Executive Chairman.

(2) Mr. Roberson was appointed as Executive Vice President and Chief Financial Officer effective November 16, 2018 and was not a Named Executive Officer in 2017.

(3) Mr. Schulz was appointed as Senior Vice President, Treasurer and Chief Financial Officer effective March 29, 2017 and served in that capacity until his resignation effective November 16, 2018.

(4) The amounts in these columns represent the aggregate grant date fair value calculated in accordance with the Financial Accounting Standards Board (“FASB”) ASC Topic 718. For additional information relating to the assumptions made in valuing and expensing these awards refer to Note 12 in the Company’s consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC.

(5) Consists of the grant date fair value of the January 26, 2018 grant of 40,000 RSUs to each of Messrs. Cerminara, Schulz and Boegner, in accordance with the 2017 Omnibus Equity Compensation Plan. RSUs are to be settled in shares of the Company’s common stock on a one-for-one basis as soon as practicable following the applicable vesting date. The RSUs for Messrs. Cerminara and Boegner vest in one-third annual installments, beginning on the first anniversary of the grant date, subject to continued employment. As part of Mr. Schulz’s consulting agreement entered into in connection with his resignation, effective November 16, 2018, the Company agreed to amend Mr. Schulz’s award agreement to provide that one-third of his RSUs would vest on January 26, 2019, and two-thirds of his RSUs would vest on March 31, 2019, subject to Mr. Schulz remaining in the continuous service of the Company through the applicable vesting dates. The fair value of Mr. Schulz’s RSUs as of November 16, 2018, the date of the amendment, was $125,200.

(6) Consists of the grant date fair value of the February 28, 2017 grant of 60,000 and 10,000 restricted shares of the Company’s common stock to Messrs. Cerminara and Boegner, respectively, in accordance with the 2010 Long-Term Incentive Plan. The shares vest in one-third annual installments, beginning on the first anniversary of the grant date, subject to continued employment.

(7) Consists of the grant date fair value of the December 4, 2018 grant of 50,000 RSUs, in accordance with the 2017 Omnibus Equity Compensation Plan. RSUs are to be settled in shares of the Company’s common stock on a one-for-one basis as soon as practicable following the applicable vesting date. The RSUs vest in one-third annual installments, beginning on the first anniversary of the grant date, subject to continued employment. The RSUs were granted as a signing bonus pursuant to the terms of Mr. Roberson’s Employment Agreement with the Company.

(8) Consists of the grant date fair value of the January 26, 2018 grant of 50,000 stock options to each of Messrs. Cerminara, Schulz and Boegner, in accordance with the 2017 Omnibus Equity Compensation Plan. The stock options vest in one-fifth annual installments, beginning on the first anniversary of the grant date. Mr. Schulz’s stock options were forfeited upon his resignation from the Company effective November 16, 2018.

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(9) Consists of the grant date fair value of the February 28, 2017 grant of 60,000 and 40,000 stock options to Messrs. Cerminara and Boegner, respectively, in accordance with the 2010 Long-Term Incentive Plan. The stock options vest in one-fifth annual installments, beginning on the first anniversary of the grant date.

(10) Consists of the grant date fair value of the December 4, 2018 grant of 40,000 stock options in accordance with the 2017 Omnibus Equity Compensation Plan. The stock options vest in one-fifth annual installments, beginning on the first anniversary of the grant date. The options were granted as a signing bonus pursuant to the terms of Mr.Roberson's Employment Agreement with the Company.

(11) Consists of the grant date fair value of the April 7, 2017 grant of 40,000 stock options in accordance with the 2010 Long-Term Incentive Plan, which become exercisable in four equal annual installments beginning on the first anniversary of the grant date. The options were granted as a signing bonus pursuant to the terms of Mr. Schulz's Employment Agreement with the Company. Upon his resignation from the Company effective November 16, 2018, Mr. Schulz immediately forfeited 30,000 unvested options and, following a period of 30 days from the effective date of his resignation, forfeited the right to exercise 10,000 options.

(12) The Company provides its executives with certain employee benefits. These benefits include excess life and disability insurance and contributions made by the Company under the Ballantyne Retirement and Savings Plan. The amounts reported for each Named Executive Officer as All Other Compensation for 2018 are identified and quantified below:

	Mr. Cerminara	Mr. Roberson	Mr. Schulz	Mr. Boegner
Accrued Vacation Pay-out	$ —	$ —	$ 17,362	$ —
Consulting fees[(1)]	—	—	40,025	—
Employer match on Retirement and Savings Plan	4,673	—	7,300	8,250
Excess life and disability insurance	1,018	85	933	943
Total All Other Compensation	$ 5,691	$ 85	$ 65,620	$ 9,193

(1) In connection with his resignation effective November 16, 2018, the Company entered into a consulting agreement with Mr. Schulz. Pursuant to the consulting agreement, Mr. Schulz agreed to provide consulting services to the Company through March 31, 2019, at the rate of $26,683 per month, pro-rated for any partial month.

The following table sets forth information concerning outstanding equity awards for each of the Company's Named Executive Officers as of the end of the last completed fiscal year.

Outstanding Equity Awards at 2018 Fiscal Year-End

	Option Awards					Stock Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)		Market Value of Shares or Units of Stock That Have Not Vested ($)(*)
D. Kyle Cerminara	36,000	24,000	(1)	4.33	11/22/2025	—		—
	12,000	48,000	(2)	6.50	2/28/2027	—		—
	—	50,000	(3)	4.70	1/26/2028	—		—
	—	—		—	—	40,000	(7)	46,000
	—	—		—	—	40,000	(8)	46,000
Mark D. Roberson	—	40,000	(4)	2.25	12/4/2028	50,000	(9)	57,500
Lance V. Schulz	—	—	(3) (5)	—	—	40,000	(10)	46,000
Ray F. Boegner	5,000	—	(6)	4.70	1/11/2022	—		—
	16,000	16,000	(1)	4.33	11/22/2025	—		—
	8,000	32,000	(2)	6.50	2/28/2027	—		—
	—	50,000	(3)	4.70	1/26/2028	—		—
	—	—		—	—	6,667	(11)	7,667
	—	—		—	—	40,000	(8)	46,000

* Based on the closing stock price of our common stock of $1.15 on December 31, 2018, the last trading day of the 2018 fiscal year.

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(1) The 60,000 and 40,000 stock options granted to Messrs. Cerminara and Boegner, respectively, on November 22, 2015 pursuant to the 2010 Long-Term Incentive Plan become exercisable in five equal annual installments beginning on November 22, 2016 and thereafter on November 22, of each year through 2020. On November 23, 2016, Mr. Boegner exercised options from this grant to acquire 8,000 shares of the Company's common stock at an exercise price of $4.33 per share.

(2) The 60,000 and 40,000 stock options granted to Messrs. Cerminara and Boegner, respectively, on February 28, 2017 pursuant to the 2010 Long-Term Incentive Plan become exercisable in five equal annual installments beginning on February 28, 2018 and thereafter on February 28 of each year through 2022.

(3) The 50,000 stock options granted to each of Messrs. Cerminara and Boegner on January 26, 2018 become exercisable in five equal annual installments beginning on January 26, 2019 and thereafter on January 26 of each year through 2023. Mr. Schulz was also granted 50,000 stock options with the same vesting terms on January 26, 2018. Upon his resignation from the Company effective November 16, 2018, Mr. Schulz immediately forfeited all 50,000 unvested options.

(4) The 40,000 stock options granted to Mr. Roberson on December 4, 2018 pursuant to the 2017 Omnibus Equity Compensation Plan become exercisable in five equal annual installments beginning on December 4, 2019 and thereafter on December 4 of each year through 2023.

(5) The 40,000 stock options granted to Mr. Schulz on April 7, 2017 pursuant to the 2010 Long-Term Incentive Plan were scheduled to vest and become exercisable in four equal annual installments beginning on April 7, 2018 and thereafter on April 7 of each year through 2021. Upon his resignation from the Company effective November 16, 2018, Mr. Schulz immediately forfeited 30,000 unvested options and, following a period of 30 days from the effective date of his resignation, forfeited the right to exercise 10,000 options.

(6) The 30,000 stock options granted to Mr. Boegner on January 11, 2012 pursuant to the 2010 Long-Term Incentive Plan became exercisable in four equal installments beginning on January 11, 2013 and thereafter on January 11 of each year through 2016. On both August 11, 2016 and August 30, 2016, Mr. Boegner exercised options from this grant to acquire 5,000 shares of the Company's common stock. On June 8, 2017, Mr. Boegner exercised options from this grant to acquire 7,000 shares of the Company's common stock. On August 14, 2017, Mr. Boegner exercised options from this grant to acquire 8,000 shares of the Company's common stock.

(7) Represents 40,000 shares of restricted stock. The restricted shares vest in equal annual installments on February 27, 2019 and February 27, 2020.

(8) Represents 40,000 RSUs to be settled in shares of the Company's common stock on a one-for-one basis as soon as practicable following the applicable vesting date. The RSUs vest in equal annual installments on January 26, 2019, January 26, 2020 and January 26, 2021.

(9) Represents 50,000 RSUs to be settled in shares of the Company's common stock on a one-for-one basis as soon as practicable following the applicable vesting date. The RSUs vest in equal annual installments on December 4, 2019, December 4, 2020 and December 4, 2021.

(10) Represents 40,000 RSUs to be settled in shares of the Company's common stock on a one-for-one basis as soon as practicable following the applicable vesting date. As part of Mr. Schulz's consulting agreement entered into in connection with his resignation, the Company agreed to amend Mr. Schulz's award agreement for the RSUs held by Mr. Schulz to provide that one-third of the RSUs would vest on January 26, 2019, and two-thirds of the RSUs

would vest on March 31, 2019, subject to Mr. Schulz remaining in the continuous service of the Company through the applicable vesting dates.

(11) Represents 6,667 shares of restricted stock. The shares vest in equal annual installments on February 27, 2019 and February 27, 2020.

Potential Payments Upon Termination or Change-in-Control

Employment Agreements

Pursuant to Mr. Boegner's employment agreement with the Company, in the event Mr. Boegner's employment is terminated by the Company without good cause or by Mr. Boegner for good reason, then he will receive his base salary for a period equal to three (3) weeks for each year that he has been employed by the Company and all existing insurance benefits shall remain in force until the last day of the month in which the severance period expires, subject to Mr. Boegner's continued compliance with certain restrictive covenants set forth in the employment agreement (including confidentiality and non-solicitation covenants) and his execution of the Company's standard form of general release. In addition, Mr. Boegner would be entitled to receive any earned and unpaid amounts owed to him under the employment agreement and such other accrued benefits as may be provided for under the agreement. For purposes of Mr. Boegner's employment agreement, "good reason" means a material breach by the Company of its obligations to Mr. Boegner under the agreement. In addition, for purposes of the agreement, "cause" exists if Mr. Boegner (i) acted dishonestly or incompetently or engaged in willful misconduct in performance of his executive duties, (ii) breached fiduciary duties owed to the Company, (iii) intentionally failed to perform reasonably assigned duties, (iv) willfully violated any law, rule or regulation, or court order (other than minor traffic violations or similar offenses), or otherwise committed any act which would have a material adverse impact on the business of the Company, and/or (v) is in breach of his obligations under the agreement and fails to cure such breach within thirty (30) days after receiving notice of the breach from the Company.

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We are also obligated under Mr. Boegner's employment agreement to provide certain payments to Mr. Boegner in the event of his death or termination by reason of his incapacity. In the event of Mr. Boegner's death, we are obligated to pay his estate all accrued sums due and owing to Mr. Boegner with respect to his salary and such other benefits as may be provided under his agreement. In addition, in the event we terminate Mr. Boegner's employment by reason of his incapacity, Mr. Boegner is entitled to any accrued amounts due and owing to him with respect to his salary and such other benefits as may be provided under his agreement.

The employment agreement for Mr. Roberson does not provide for any specified severance benefits. However, Mr. Roberson, along with Mr. Cerminara, would have been entitled during the 2018 fiscal year to severance and other benefits, such as accrued vacation, pursuant to the Company's then-existing severance policy available to all salaried employees. Mr. Schulz's employment agreement did not provide for any specified severance benefits.

2017 Omnibus Equity Compensation Plan – Change in Control Provisions

Our 2017 Omnibus Equity Compensation Plan (the "2017 Plan"), which was approved by our stockholders on June 15, 2017, generally provides for "double-trigger" vesting of equity awards in connection with a change in control of the Company, as described below.

To the extent that outstanding awards granted under the 2017 Plan are assumed in connection with a change in control, except as otherwise provided in the applicable award agreement or in another written agreement with the participant, all outstanding awards will continue to vest and become exercisable (as applicable) based on continued service during the remaining vesting period, with performance-based awards being converted to service-based awards at the "target" level. Vesting and exercisability (as applicable) of awards that are assumed in connection with a change in control generally would be accelerated in full on a "double-trigger" basis, if, within two years after the change in control, the participant's employment is involuntarily terminated without cause, or by the participant for "good reason." Any stock options or stock appreciation rights (SARs) that become vested on a "double-trigger" basis generally would remain exercisable for the full duration of the term of the applicable award.

To the extent outstanding awards granted under the 2017 Plan are not assumed in connection with a change in control, then such awards generally would become vested in full on a "single-trigger" basis, effective immediately prior to the change in control, with performance-based awards becoming vested at the "target" level. Any stock options or SARs that become vested on a "single-trigger" basis generally would remain exercisable for the full duration of the term of the applicable award.

The Compensation Committee has the discretion to determine whether or not any outstanding awards granted under the 2017 Plan will be assumed by the resulting entity in connection with a change in control, and the Compensation

Committee has the authority to make appropriate adjustments in connection with the assumption of any awards. The Compensation Committee also has the right to cancel any outstanding awards in connection with a change in control, in exchange for a payment in cash or other property (including shares of the resulting entity) in an amount equal to the excess of the fair market value of the shares subject to the award over any exercise price related to the award, including the right to cancel any "underwater" stock options and SARs without payment therefor.

For purposes of the 2017 Plan, subject to the exceptions set forth in the 2017 Plan, a "change in control" generally includes (a) the acquisition of more than 50% of the voting power or value of the Company's stock; (b) the incumbent board of directors ceasing to constitute a majority of the board of directors during a twelve-month period; and (c) the acquisition of 50% or more of the gross fair market value of the Company's assets over a twelve-month period. The full definition of "change in control" is set out in the 2017 Plan.

For purposes of the 2017 Plan, unless otherwise defined in a written agreement with the participant or an applicable severance plan, "cause", as a reason for the Company's termination of a participant's employment, generally means that the participant (a) acted dishonestly or incompetently or engaged in willful misconduct in performance of his or her duties; (b) breached fiduciary duties owed to the Company; (c) intentionally failed to perform reasonably assigned duties, which the participant did not satisfactorily correct within 30 calendar days following written notification; (d) was convicted or entered a plea of guilty or nolo contendere of any felony crime involving dishonesty; or (e) otherwise committed any act which could have a material adverse impact on the business of the Company.

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For purposes of the 2017 Plan, unless otherwise defined in a written agreement with the participant or an applicable severance plan, "good reason", as a reason for a participant's termination of his or her employment, generally means the occurrence of any of the following without the participant's consent (and unless timely cured by the Company following notice from the participant): (a) any material diminution in the participant's compensation or benefits, unless generally applicable to all similarly situated employees of the Company; (b) the assignment to the participant of any duties inconsistent with, or substantially adverse to his or her status and duties, or a reduction in title; (c) a material breach by the Company or a subsidiary of its obligations under the participant's employment agreement, if any; or (d) the relocation of the participant's primary work location to a location more than fifty miles away from the current location, in each case if not cured by the Company within the time limits set forth in the 2017 Plan.

Except as described above with respect to a change in control, unexercisable stock options, unvested restricted shares and unvested RSUs generally become forfeited upon termination of employment. The stock options that are exercisable at the time of termination of employment expire within the earlier of thirty days after such termination or the expiration date of the options. Upon termination for "cause," all options, whether or not exercisable, are generally automatically forfeited.

Awards granted under the 2017 Plan may be subject to forfeiture or recoupment as determined by the Compensation Committee in the event of certain detrimental activity, such as a participant's breach of applicable restrictive covenants. Awards granted under the 2017 Plan also may be subject to forfeiture or recoupment as provided pursuant to any compensation recovery (or "clawback") policy that the Company may adopt or maintain from time to time.

2010 Long-Term Incentive Plan – Change in Control Provisions

Our 2010 Long-Term Incentive Plan (the "2010 Plan") provides that no acceleration of an award shall occur upon or after a "change in control" unless such acceleration is provided for in the applicable award agreement and determined by the Compensation Committee on a grant-by-grant basis or as may be provided in an after written agreement between the Company and the grantee. The award agreements for the stock options, restricted shares and restricted share units granted to Messrs. Cerminara, Schulz and Boegner under our 2010 Plan provide for accelerated vesting of all unvested options, restricted shares and restricted share units upon the occurrence of a "change in control" while the grantee is employed by the Company or a subsidiary of the Company as of the date of the change in control.

For purposes of the 2010 Plan, subject to the exceptions set forth in the 2010 Plan, a "change in control" generally includes (i) the acquisition of more than 50% of the company's common stock; (ii) over a twelve-month period, the acquisition of more than 50% of the company's common stock or the replacement of a majority of the board of directors by directors not endorsed by the persons who were members of the board before the new directors' appointment; and (iii) the acquisition of more than 50% of the total gross fair market value of all the assets of the Company over a twelve-month period.

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DIRECTOR COMPENSATION

The following table sets forth the compensation paid to the Company’s directors in fiscal 2018, except for Mr. Cerminara who does not receive any separate compensation for his service as a director.

	Fees Earned Or Paid in Cash ($)(1)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Samuel C. Freitag(2)	31,829	—	—	—	—	—	31,829
William J. Gerber(2)	43,750	30,000	—	—	—	—	73,750
Jack H. Jacobs(2)	8,195	30,000	—	—	—	—	38,195
Lewis M. Johnson(2)	32,559	30,000	—	—	—	—	62,559
Charles T. Lanktree(2)	37,000	30,000	—	—	—	—	67,000
Robert J. Roschman	31,750	30,000	—	—	—	—	61,750
James C. Shay	22,908	—	—	—	—	—	22,908
Ndamukong Suh	31,750	30,000	—	—	—	—	61,750

(1) Represents the annual retainer fee paid to each director and cash payments for attendance at Board meetings and Board committee meetings both in person and via teleconference. Messrs. Freitag and Shay resigned from the Board effective August 30, 2018 and July 6, 2018, respectively. Colonel Jacobs was appointed to the Board effective July 11, 2018. Each director who served for a partial year during 2018 received a pro rata portion of the annual cash retainer fee. Although not included in the above table, the directors are reimbursed for their out-of-pocket expenses of attending Board meetings.

(2) Mr. Gerber earned $10,000 for acting as Chairman of the Audit Committee, Mr. Lanktree earned $5,000 for acting as Chairman of the Compensation Committee and Messrs. Freitag, Jacobs and Johnson each earned a pro rata portion of $5,000 for acting as Chairman of the Nominating and Corporate Governance Committee (Mr. Freitag served as Chairman until Mr. Johnson was appointed Chairman effective July 11, 2018, and Mr. Johnson served as Chairman from July 11, 2018 until Colonel Jacobs was appointed Chairman effective September 7, 2018).

(3) On December 4, 2018, Messrs. Gerber, Jacobs, Johnson, Lanktree, Roschman and Suh were each granted 13,333 restricted stock units under the 2017 Omnibus Equity Compensation Plan. The restricted stock units vest on December 4, 2019, subject to the recipient’s continued service as a director of the Company through such date. Each restricted stock unit represents a contingent right to receive one share of common stock of the Company. The amounts shown in this column include the fair value of the annual restricted stock award on the date of grant, which was $2.25 per share. For additional information relating to the assumptions made in valuing and expensing

these awards for 2018, refer to Note 12 in the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC.

The aggregate number of unvested restricted stock awards outstanding as of December 31, 2018 for each of Messrs. Gerber, Jacobs, Johnson, Lanktree, Roschman and Suh was 13,333.

Our non-employee directors receive an annual cash retainer of $25,000, paid in quarterly installments, and the following cash payments for attending Board meetings and Board committee meetings: (i) $1,500 for each Board meeting attended in person; (ii) $500 for each Board meeting attended via teleconference; (iii) $500 for each Board committee meeting attended in person; and (iv) $250 for each Board committee meeting attended via teleconference. Each non-employee director also receives an annual grant of restricted stock units with a value of $30,000. Each restricted stock unit represents a contingent right to receive one share of common stock of the Company and vests on the one-year anniversary of the grant date. In addition, the Chairman of the Board and the Chairman of the Audit Committee each receive an annual cash retainer of $10,000, paid in quarterly installments, and the Chairman of the Compensation Committee and the Chairman of the Nominating and Governance Committee each receive an annual cash retainer of $5,000, paid in quarterly installments. The non-employee directors also receive reimbursement of reasonable out-of-pocket expenses for attending Board meetings.

Our 2017 Plan includes a limit on the amount of compensation payable to our non-employee directors. Specifically, the 2017 Plan provides that the aggregate grant date fair value of all awards granted to any single non-employee director during any single calendar year (determined as of the applicable grant date(s) under applicable financial accounting rules), when taken together with any cash fees paid to the non-employee director during the same calendar year, may not exceed $200,000.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Largest Owners of Ballantyne Shares

The following table shows each person or entity that Ballantyne knows to be the beneficial owner of more than five percent of the Company's outstanding common stock as of March 15, 2019.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)		Percent of Class(2)	
Fundamental Global Investors, LLC 4201 Congress Street, Suite 140 Charlotte, NC 28209	4,512,444	(3)	31.1	%
Ariel Investments, LLC 200 E. Randolph Street, Suite 2900 Chicago, IL 60601	3,582,538	(4)	24.7	%
Dimensional Fund Advisors LP 6300 Bee Cave Road, Building One Austin, TX 78746	1,031,736	(5)	7.1	%

(1) This information is based on Schedules 13G and 13D, as amended, and a Form 4 filed with the SEC. Fundamental Global Investors, LLC filed an amended Schedule 13D on March 13, 2019 and an amended Form 4 on January 25, 2019; Ariel Investments, LLC ("Ariel") filed an amended Schedule 13G on February 8, 2019; and Dimensional Fund Advisors LP ("Dimensional") filed an amended Schedule 13G on February 8, 2019.

(2) Based upon 14,492,090 shares outstanding on March 15, 2019.

(3) Fundamental Global Investors, LLC has shared dispositive power over 4,512,444 shares, representing approximately 31.1% of the Company's outstanding shares of common stock, and shared voting power over 3,205,209 shares. The number reported in the table includes the 1,307,235 shares held by CWA Asset Management Group, LLC, a wealth advisor and multi-family office of which Fundamental Global Investors, LLC owns 50%, for the accounts of individual investors. Additional affiliates of Fundamental Global Investors, LLC, including Messrs. Cerminara and Johnson, hold 606,528 shares (including 70,000 shares purchasable pursuant to stock options held by Mr. Cerminara exercisable within 60 days of March 15, 2019), thus increasing the total number of shares beneficially owned by Fundamental Global Investors, LLC to 5,118,972 shares, or 35.2% of the Company's outstanding shares of common stock. Fundamental Global Investors, LLC, on behalf of the funds managed by it, has entered into a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act (the "10b5-1 Plan"), for the purchase of up to 1.5 million shares of common stock of the Company. The 10b5-1 Plan becomes effective on April 1, 2019 and will terminate on April 1, 2020 or such earlier date as set forth in the 10b5-1 Plan. Transactions under the 10b5-1 Plan, if any, will be reported to the SEC in accordance with applicable securities laws, rules and regulations.

(4) Ariel reported that it has sole voting power over 3,488,638 shares and sole dispositive power over 3,582,538 shares. Ariel reported that its adviser clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, all securities reported as beneficially owned by Ariel.

(5) Dimensional reported that it has sole voting power over 1,003,003 shares and sole dispositive power over 1,031,736 shares. Dimensional reported that the funds, group trusts and separate accounts it provides investment management or adviser services to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities held in their respective accounts which are reported as beneficially owned by Dimensional.

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Share Ownership of Directors and Officers

The following chart sets forth, as of the close of business on March 15, 2019, certain information concerning beneficial ownership of common stock by each director of the Company, each of the named executive officers (as defined below), and all current directors and executive officers as a group. The address for each director and executive officer listed is: c/o Ballantyne Strong, Inc., 11422 Miracle Hills Drive, Suite 300, Omaha, NE 68154.

Name	Number of Shares Beneficially Owned[1]		Percent of Common Stock[2]	
D. Kyle Cerminara, Chairman and CEO	4,810,036	(3)	33.0	%
Mark D. Roberson, Executive Vice President and CFO	2,000	(4)	*	
Ray F. Boegner, President of Cinema	188,352	(5)	1.3	%
William J. Gerber, Director	17,241	(6)	*	
Jack H. Jacobs, Director	—	(7)	*	
Lewis M. Johnson, Director	4,531,534	(8)	31.3	%
Charles T. Lanktree, Director	24,741	(9)	*	
Robert J. Roschman, Director	31,629	(10)	*	
Ndamukong Suh, Director	18,215	(11)	*	
Lance V. Schulz, Former Senior Vice President, CFO and Treasurer	40,000	(12)	*	
All current directors and executive officers as a group (9 persons)	5,111,304	(13)	35.0	%

* Less than 1% of common stock outstanding.

(1) Each director and named executive officer listed above owns all outstanding shares directly and has sole voting and investment power over such shares unless otherwise specified below.

(2) Based upon 14,492,090 shares of common stock outstanding as of March 15, 2019. Each named person is deemed to be the beneficial owner of shares of common stock that may be acquired within 60 days of March 15, 2019 upon the exercise of stock options, as well as shares of common stock issuable within 60 days of March 15, 2019 upon vesting of restricted stock units. Accordingly, the number of shares and percentage set forth next to the name of such person, and all current directors and executive officers as a group, includes shares of directly owned common stock (including shares of restricted common stock), shares of common stock issuable pursuant to stock options exercisable within 60 days of March 15, 2019 and shares of common stock issuable upon the vesting of restricted stock units within 60 days of March 15, 2019. However, the shares of common stock so issuable upon the exercise of stock options and/or vesting of restricted stock units held by any such person are not included in calculating the percentage of common stock beneficially owned by any other stockholder.

(3) Includes 204,612 shares of common stock directly owned by Mr. Cerminara (including 26,667 restricted shares granted on February 28, 2017), 7,540 shares held in Mr. Cerminara's 401(k) plan, 15,440 shares held by Mr.

Cerminara's wife and children and 70,000 shares purchasable pursuant to stock options exercisable within 60 days of March 15, 2019. Also includes 4,512,444 shares of common stock beneficially owned by Fundamental Global Investors, LLC, the largest stockholder of the Company, and its affiliates (collectively, "Fundamental Global"). Mr. Cerminara, as Chief Executive Officer, Co-Founder and Partner of Fundamental Global Investors, LLC, is deemed to have shared voting and dispositive power over the shares beneficially owned by Fundamental Global. Mr. Cerminara disclaims beneficial ownership of the Fundamental Global shares except to the extent of his pecuniary interest therein. Does not include 26,667 shares potentially issuable to Mr. Cerminara pursuant to restricted stock units granted on January 26, 2018. Does not include 24,000 shares potentially issuable upon the exercise of stock options granted on November 22, 2015, 36,000 shares potentially issuable upon the exercise of stock options granted on February 28, 2017 and 40,000 shares potentially issuable upon the exercise of stock options granted on January 26, 2018.

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(4) Includes 2,000 shares of common stock held directly by Mr. Roberson. Does not include 50,000 shares potentially issuable to Mr. Roberson pursuant to restricted stock units granted on December 4, 2018. Does not include 40,000 shares potentially issuable upon the exercise of stock options granted on December 4, 2018.

(5) Includes 141,352 shares of common stock directly owned by Mr. Boegner (including 3,334 restricted shares granted on February 28, 2017) and 47,000 shares purchasable pursuant to stock options exercisable within 60 days of March 15, 2019. Does not include 26,667 shares potentially issuable pursuant to restricted stock units granted on January 26, 2018. Does not include 16,000 shares potentially issuable upon the exercise of stock options granted on November 22, 2015, 24,000 shares potentially issuable upon the exercise of stock options granted on February 28, 2017 and 40,000 shares potentially issuable upon the exercise of stock options granted on January 26, 2018.

(6) Includes 17,241 shares of common stock directly owned by Mr. Gerber. Does not include 13,333 shares of common stock potentially issuable upon the vesting of restricted stock units granted December 4, 2018.

(7) Does not include 13,333 shares of common stock potentially issuable to Colonel Jacobs upon the vesting of restricted stock units granted December 4, 2018.

(8) Includes 19,090 shares of common stock directly owned by Mr. Johnson, 8.500 of which are held by CWA in a customer account. Also includes 4,512,444 shares of common stock beneficially owned by Fundamental Global, the largest stockholder of the Company. Mr. Johnson, as President, Co-Founder and Partner of Fundamental Global Investors, LLC, is deemed to have shared voting and dispositive power over the shares beneficially owned by Fundamental Global. Does not include 13,333 shares of common stock potentially issuable upon the vesting of restricted stock units granted December 4, 2018.

(9) Includes 17,241 shares of common stock directly owned by Mr. Lanktree and 7,500 shares directly owned by the Donna B. Lanktree Family Trust, the trustee of which is Donna B. Lanktree, the spouse of Mr. Lanktree. Does not include 13,333 shares of common stock potentially issuable upon the vesting of restricted stock units granted December 4, 2018.

(10) Includes 31,629 shares of common stock directly owned by Mr. Roschman. Does not include 13,333 shares of common stock potentially issuable upon the vesting of restricted stock units granted December 4, 2018.

(11) Includes 18,215 shares of common stock directly owned by Mr. Suh. Does not include 13,333 shares of common stock potentially issuable upon the vesting of restricted stock units granted December 4, 2018.

(12) Mr. Schulz, a named executive officer, served as Senior Vice President, Chief Financial Officer and Treasurer of the Company from March 29, 2017 until November 16, 2018. Consists of 13,333 shares of common stock held by Mr. Schulz directly and 26,667 shares of common stock issuable upon the vesting of restricted stock units within 60 days of March 15, 2019.

(13) Includes 451,380 shares owned directly by all current directors and executive officers as a group (including 30,001 restricted common shares), 7,540 shares held in Mr. Cerminara’s 401(k) plan, 15,440 shares held by Mr. Cerminara’s wife and children, 7,500 shares held by the Donna B. Lanktree Family Trust, 117,000 shares purchasable pursuant to stock options exercisable within 60 days of March 15, 2019 and 4,512,444 shares held by Fundamental Global.

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Explanation of Responses:

EQUITY COMPENSATION PLANS

The following table sets forth information regarding our equity compensation plans as of December 31, 2018.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	1,144,498	(1)	$ 5.06	1,049,156	(2)
Equity compensation plans not approved by security holders	-		-	-	
Total	1,144,498		$ 5.06	1,049,156	

(1) Includes 427,000 securities to be issued upon exercise of outstanding options under our 2010 Long-Term Incentive Plan; and 440,000 securities to be issued upon exercise of outstanding options and 277,498 securities to be issued upon vesting of restricted stock units under our 2017 Omnibus Equity Compensation Plan.
(2) All shares available for future issuance are under the 2017 Omnibus Equity Compensation Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

RELATED PERSON TRANSACTION PROCEDURES

The Company's Audit Committee Charter requires the Audit Committee to review policies and procedures regarding transactions between the Company and officers and directors that are not a normal part of the Company's business. There are no formal written policies or procedures used by Board or the Audit Committee to review, approve or ratify related party transactions. Rather, the Board or the Audit Committee reviews all related party transactions on a case by case basis for potential conflict of interest situations on an ongoing basis and uses its discretion in approving all such transactions. The Board or the Audit Committee will apply the standards of Item 404(a) of Regulation S-K when evaluating certain relationships and related transactions.

On an annual basis, the Company determines whether there are any related party transactions that need to be evaluated and approved by the Board or the Audit Committee based on the responses received from each director and executive officer based on his questionnaire completed in conjunction with the Form 10-K/A. While there are no formal written policies or procedures used, the Board or the Audit Committee may consider the following factors in evaluating related party transactions:

- the nature of the related person’s interest in the transaction;
- the presence of standard prices, rates, charges or terms otherwise consistent with arms-length dealings with unrelated third parties;
- the materiality of the transaction to each party;
- the reasons for the Company entering into the transaction with the related person;
- the potential effect of the transaction on the status of a director as an independent, outside or disinterested director or committee member; and
- any other factors the Board or the Audit Committee may deem relevant.

All of the arrangements discussed below have been approved by the Audit Committee and/or the independent members of our Board of Directors.

StrongVest Global Advisors, LLC

StrongVest Global Advisors, LLC ("StrongVest"), a wholly-owned subsidiary of the Company, is the investment advisor to CWA Income ETF (the "Fund"), an exchange-traded fund and series of StrongVest ETF Trust (the "Trust"). CWA Asset Management Group, LLC (doing business as "Capital Wealth Advisors") ("CWA"), which is 50% owned by Fundamental Global Investors, LLC ("FGI"), the largest stockholder of the Company, is the sub-advisor to the Fund. Mr. Cerminara, Chief Executive Officer and Chairman of the Company, is Chief Executive Officer, Co-Founder and Partner of FGI and Co-Chief Investment Officer of CWA, and Mr. Johnson, a director of the Company, is President, Co-Founder and Partner of FGI and Co-Chief Investment Officer of CWA. Messrs. Cerminara and Johnson are managing members of FGI, and each owns a 33.3% ownership interest in FGI.

The executive officers, employees and directors of the Company hold various positions with StrongVest and the Trust. Mr. Cerminara, Chief Executive Officer and Chairman of the Company, serves as President, Principal Executive Officer and Trustee of the Trust and Chief Executive Officer of StrongVest. Ryan R.K. Turner, an employee of the Company, serves as President of StrongVest. John Puglia, an employee of the Company, serves as Treasurer and Principal Financial Officer of the Trust and as Treasurer and Secretary of StrongVest (which positions were previously held by Mr. Schulz, former Chief Financial Officer of the Company), and Mr. Jeffrey L. Sutton, an employee of the Company, also serves as Chief Compliance Officer of StrongVest and as Chief Compliance Officer and Secretary of the Trust.

Pursuant to an investment advisory agreement between the Fund and StrongVest (the "Advisory Agreement"), the Fund pays StrongVest a unitary fee for the services it provides payable on a monthly basis at the annual rate of 0.75% of the Fund's average daily net assets, which fee was $64,993 and $38,638 in fiscal 2018 and fiscal 2017, respectively. Out of the unitary management fee, StrongVest is obligated to pay or arrange for the payment of substantially all expenses of the Fund, including the cost of transfer agency, custody, fund administration, legal, audit and other services and the fees and expenses of independent trustees ("Fund Expenses"), except for interest expenses, distribution fees or expenses, brokerage expenses, taxes and extraordinary expenses such as litigation and other expenses not incurred in the ordinary course of the Fund's business. StrongVest's unitary management fee is designed to cause substantially all of the Fund's expenses to be paid and to compensate StrongVest for providing services for the Fund. Pursuant to a sub-advisory agreement between StrongVest and CWA (the "Sub-Advisory Agreement"), StrongVest is obligated to pay CWA a fee for the services it provides payable on a monthly basis equal to 50% of the advisory fee that the Fund pays StrongVest (net of the Fund Expenses paid by StrongVest). Because Fund Expenses paid by StrongVest have exceeded 50% of the advisory fee that the Fund pays StrongVest, StrongVest has not yet paid any amounts to CWA pursuant to this arrangement.

Blueharbor Bank

On April 27, 2017, we entered into a debt agreement with blueharbor bank consisting of (1) a $2.0 million five-year term loan secured by a first lien deed of trust on our Alpharetta, GA facility, bearing interest at a fixed rate of 4.5% and payable in equal monthly installments of principal and interest calculated based on a 20-year amortization schedule with a final balloon payment of approximately $1.7 million due on May 10, 2022, and (2) a line of credit of up to $1.0 million secured by a second lien deed of trust on our Alpharetta, GA facility, bearing interest at the Prime Rate published in the Wall Street Journal plus 0.25% (4.75% at December 31, 2017) and with a term ending May 10, 2018. On April 23, 2018, we entered into an agreement with blueharbor bank to extend the maturity date of the $1.0 million line of credit to May 10, 2019. Under the debt agreement, we were required to maintain a ratio of total liabilities to tangible net worth not in excess of 3 to 1 and maintain minimum liquidity of $2.0 million. At December 31, 2017, the balance of the term loan including current maturities was $2.0 million. We also had outstanding borrowings on our line of credit of $0.5 million and had the ability to borrow up to an additional $0.5 million. As of December 31, 2017, we were in compliance with our debt covenants**.** During the year ended December 31, 2017, the Company repaid approximately $32,000 of principal on the term loan and paid an aggregate of $66,000 of interest under the debt agreement.

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On June 29, 2018, we closed a sale-leaseback transaction of our Alpharetta, GA facility pursuant to which we sold the facility to Metrolina Alpharetta, LLC (“Metrolina”), a third party, for a purchase price of $7.0 million, with the Company simultaneously leasing the facility back pursuant to a 10-year lease agreement at an annual base rent equal to $600,000 during the first year of the lease term, with the annual rent thereafter increasing annually by 2%. As part of the closing, we issued ten-year warrants to Metrolina to purchase up to 100,000 shares of our common stock pursuant to a warrant agreement. At the closing, approximately $2.94 million of the sale proceeds was used to repay all outstanding amounts owed under, and to terminate, the $2.0 million five-year term loan and the line of credit of up to $1.0 million with blueharbor bank secured by the Alpharetta facility. Prior to the closing of the sale-leaseback, we had repaid approximately $32,000 in principal on the term loan during 2018. We paid an aggregate of $$68,000 of interest under the debt agreement in 2018.

Mr. Cerminara, our Chairman and Chief Executive Officer, is a member of the board of directors of blueharbor bank. In addition, the funds managed by Fundamental Global Investors, LLC, of which Mr. Cerminara is the Chief Executive Officer, Co-Founder and Partner, and Mr. Johnson, a member of our Board of Directors, is the President, Co-Founder and Partner, and its affiliates together beneficially own less than five percent of the stock of blueharbor bank. The independent members of our Board of Directors approved our debt agreement with blueharbor bank.

Fundamental Global Investors, LLC

On September 9, 2018, the Company entered into a letter agreement with Fundamental Global Investors, LLC, pursuant to which the Company sold 1,147,087 shares of common stock of BK Technologies, Inc. to funds managed by, and other affiliates of, Fundamental Global Investors, LLC, at a price of $3.95 per share, which represented the immediately preceding closing price on the NYSE American stock exchange. The gross proceeds to the Company were approximately $4,530,994. Mr. Cerminara, the Company’s Chairman and Chief Executive Officer, is the Chief Executive Officer, Co-Founder and Partner of Fundamental Global Investors, LLC, and Mr. Johnson, a director of the Company, is the President, Co-Founder and Partner of Fundamental Global Investors, LLC. The transaction was approved by the Audit Committee of the Company, comprised of only independent directors.

DIRECTOR INDEPENDENCE

The Board of Directors is composed of a majority of independent directors as defined by the listing requirements of the NYSE American. The Board of Directors has determined that Messrs. Gerber, Jacobs, Lanktree, Roschman and Suh are independent directors of the Company under the listing standards adopted by the NYSE American. The Board of Directors also determined that Messrs. Freitag and Shay, who served on the Board during 2018, were independent under the same listing standards. In making these independence determinations, the Board considered all of the factors that automatically compromise director independence as specified in the NYSE American’s listing standards and determined that none of those conditions existed. In addition, the Board considered whether any direct or indirect material relationship, beyond those factors that automatically compromise director independence, existed between those directors, their immediate family members, or their affiliated entities, on the one hand, and us and our subsidiaries, on the other hand. The Board determined, for those directors identified as independent above, that any relationship that existed was not material and did not compromise that director’s independence. Our independent directors meet in an executive session at least once per year. All committee members are independent for the purpose of the committees on which they serve.

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Item 14. Principal Accounting Fees and Services

BDO USA, LLP ("BDO") has served as the Company's independent registered public accounting firm since 2016. The following table sets forth the aggregate fees for professional service rendered by BDO for each of the last two fiscal years:

	2018	2017
Audit Fees[(1)]	$482,500	$482,800
Audit-Related Fees[(2)]	18,643	15,344
Tax Fees	—	—
All Other Fees	—	—
Total	$501,143	$498,144

(1) Includes fees for professional services rendered during the fiscal year for the audit of our annual financial statements and for reviews of the financial statements included in our quarterly reports on Form 10-Q. In addition, includes fees for professional services rendered by BDO USA, LLP related to the review of the Company's filing of equity method investment financial statements and issuance of the related consent in 2018, state regulatory filing requirements in 2017 and review of the Company's registration statement on Form S-8 and the issuance of the related consent in 2017.

(2) Includes fees for professional services rendered for the review of standalone financial statements for one of the Company's subsidiaries.

The Audit Committee has implemented pre-approval procedures consistent with the rules adopted by the SEC. All audit and permitted non-audit services are pre-approved by the Committee. The Committee has delegated the responsibility of approving proposed non-audit services that arise between Committee meetings to the Chairman, provided that the decision to approve the services is presented for ratification at the next scheduled Committee meeting.

PART IV

Item 15. Exhibits, Financial Statement Schedules

EXHIBIT INDEX

Exhibit Number	Document Description	Filed Herewith
31.1	Principal Executive Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X
31.2	Principal Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X

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SIGNATURES

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

Ballantyne Strong, Inc.

By: */s/ MARK D. ROBERSON*
Mark D. Roberson, Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Date: March 29, 2019

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