

New Concept Energy, Inc.  
Form DEF 14A  
October 06, 2010  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange of 1934 (Amendment No. \_\_)

Filed by the Registrant  [ X ]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement.

[ ] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2)).

[X] Definitive Proxy Statement.

[ ] Definitive Additional Materials.

[ ] Soliciting Material Pursuant to Section 240.14a-12.

NEW CONCEPT ENERGY, INC.

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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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):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

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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:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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NEW CONCEPT ENERGY, INC.  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON OCTOBER 28, 2010

New Concept Energy, Inc. will hold its Annual Meeting of Stockholders on Thursday, October 28, 2010, at 10:00 a.m., local Dallas, Texas time, at 1800 Valley View Lane, Suite 300, Dallas, Texas 75234. The purpose of the meeting is to consider and act upon:

- Election of a Board of five directors to serve until the next Annual Meeting of Stockholders and until their successors are duly-elected and qualified.
- Ratification of the selection of Swalm & Associates, P.C. as the independent registered public accounting firm.
- Such other matters as may properly be presented at the Annual Meeting.

Only Stockholders of record at the close of business on September 24, 2010, will be entitled to vote at the meeting.

Your vote is important. Whether or not you plan to attend the meeting, please complete, sign, date and return the enclosed proxy card in the accompanying envelope provided. Your completed proxy will not prevent you from attending the meeting and voting in person should you choose.

Dated: September 27, 2010

By order of the Board of Directors,

Gene S. Bertcher  
President

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This Proxy Statement is available at [www.newconceptenergy.com](http://www.newconceptenergy.com)

Among other things, the Proxy Statement contains information regarding

- The date, time and location of the meeting
- A list of the matters being submitted to Stockholders
- Information concerning voting in person

NEW CONCEPT ENERGY, INC.  
PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD OCTOBER 28, 2010

The Board of Directors of New Concept Energy, Inc. (the “Company” or “we” or “us”) is soliciting proxies to be used at the Annual Meeting of Stockholders following the fiscal year ended December 31, 2009 (the “Annual Meeting”). Distribution of this Proxy Statement and a Proxy Form is scheduled to begin on September 27, 2010. The mailing address of the Company’s principal executive offices is 1800 Valley View Lane, Suite 300, Dallas, Texas 75234.

#### About the Meeting

#### Who Can Vote

Record holders of Common Stock of the Company at the close of business on Friday, September 24, 2010 (the “Record Date”), may vote at the Annual Meeting. On that date, 1,936,935 shares of Common Stock and 559 shares of Series B Preferred Stock were outstanding. Each share is entitled to cast one vote.

#### How Can You Vote

If you return your signed proxy before the Annual Meeting, we will vote your shares as you direct. You can specify whether your shares should be voted for all, some or none of the nominees for director. You can also specify whether you approve, disapprove or abstain from the other proposal to ratify the selection of auditors.

If a proxy is executed and returned but no instructions are given, the shares will be voted according to the recommendations of the Board of Directors. The Board of Directors recommends a vote FOR Proposals 1 and 2.

#### Revocation of Proxies

You may revoke your proxy at any time before it is exercised by (a) delivering a written notice of revocation to the Corporate Secretary, (b) delivering another proxy that is dated later than the original proxy, or (c) casting your vote in person at the Annual Meeting. Your last vote will be the vote that is counted.

#### Vote Required

The holders of a majority of the shares entitled to vote who are either present in person or represented by a proxy at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. As of September 24, 2010, there were 1,936,935 shares of Common Stock and 559 shares of Series B Preferred Stock issued and outstanding. The presence, in person or by proxy, of stockholders entitled to cast at least 968,747 votes constitutes a quorum for the adoption of the proposals at the Annual Meeting. If you have properly signed and returned your proxy card by mail, you will be considered part of the quorum, and the persons named on the proxy card will vote your shares as you have instructed. If the broker holding your shares in “street” name indicates to us on a proxy card that the broker lacks discretionary authority to vote your shares, we will not consider your shares as present or entitled to vote for any purpose.

A plurality of the votes cast is required for the election of directors. This means that the director nominee with the most votes for a particular slot is elected to that slot. A proxy that has properly withheld authority with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

For the other proposal, the affirmative vote of the holders of a majority of the shares represented in person or by proxy entitled to vote on the proposal will be required for approval. An abstention with respect to such proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

As of the Record Date, an affiliate and its subsidiary held 1,313,078 shares representing approximately 67.44% of the shares outstanding. The affiliate has advised the Company that it currently intends to vote all of the shares it holds in favor of the approval of all proposals.

If you received multiple proxy cards, this indicates that your shares are held in more than one account, such as two brokerage accounts, and are registered in different names. You should vote each of the proxy cards to ensure that all your shares are voted.

#### Other Matters to be Acted Upon at the Annual Meeting

We do not know of any other matters to be validly presented or acted upon at the Annual Meeting. Under our Bylaws, no business besides that stated in the Annual Meeting Notice may be transacted at any meeting of stockholders. If any other matter is presented at the Annual Meeting on which a vote may be properly taken, the shares represented by proxies will be voted in accordance with the judgment of the person or persons voting those shares.

#### Expenses of Solicitation

The Company is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. Some of our directors, officers and employees may solicit proxies personally, without any additional compensation, by telephone or mail. Proxy materials will also be furnished without cost to brokers and other nominees to forward to the beneficial owners of shares held in their names.

#### Available Information

Our internet website address is [www.newconceptenergy.com](http://www.newconceptenergy.com). We make available free of charge through our website our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission. In addition, we have posted the Charters of our Audit Committee, Compensation Committee, and Governance and Nominating Committee, as well as our Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines and Corporate Governance Guidelines on Director Independence, all under separate headings. These charters and principles are not incorporated in this instrument by reference. We will also provide a copy of these documents free of charge to stockholders upon written request. The Company issues Annual Reports containing audited financial statements to its common stockholders.

#### Multiple Stockholders Sharing the Same Address

The Securities and Exchange Commission (the “SEC”) rules allow for the delivery of a single copy of an annual report and proxy statement to any household at which two or more stockholders reside, if it is believed the stockholders are members of the same family. Duplicate account mailings will be eliminated by allowing stockholders to consent to such elimination, or through implied consent if a stockholder does not request continuation of duplicate mailings. Depending upon the practices of your broker, bank or other nominee, you may need to contact them directly to continue duplicate mailings to your household. If you wish to revoke your consent to householding, you must contact your broker, bank or other nominee.

If you hold shares of common stock in your own name as a holder of record, householding will not apply to your shares.

If you wish to request extra copies free of charge of any annual report, proxy statement or information statement, please send your request to New Concept Energy, Inc., Attention: Investor Relations, 1800 Valley View Lane, Suite 300, Dallas, Texas 75234 or call (800) 400-6407.

#### Questions

You may call our Investor Relations Department at 800-400-6407 if you have any questions.

**PLEASE VOTE - YOUR VOTE IS IMPORTANT**

## Corporate Governance and Board Matters

The affairs of the Company are managed by the Board of Directors. The Directors are elected at the annual meeting of stockholders each year or appointed by the incumbent Board of Directors and serve until the next annual meeting of stockholders or until a successor has been elected or approved.

## Current members of the Board

The members of the Board of Directors (all of whom were elected by the stockholders at the last Annual Meeting held on December 17, 2009) on the date of this proxy statement, and the committees of the Board on which they serve, are identified below:

Director		Audit Committee	Compensation Committee	Governance and Nominating Committee
Beadle	Roz Campisi		Chair	ü
Bertcher	Gene S.			
Locklear	Dan	Chair	ü	
Huffstickler	James E.	ü	ü	Chair
Victor Lund		ü		ü

## Role of the Board's Committees

The Board of Directors has standing Audit, Compensation and Governance and Nominating Committees.

**Audit Committee.** The functions of the Audit Committee are described below under the heading "Report of the Audit Committee." The Audit Committee is an "audit committee" for purposes of Section 3(a)(58) of the Securities Exchange Act of 1934, as amended. The charter of the Audit Committee was adopted on December 12, 2003, and is available on the Company's Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Audit Committee was formed on December 12, 2003; the Board selected Messrs. Huffstickler, Locklear and Lund as members of the Audit Committee in December 2009. All of the members of the Audit Committee are independent within the meaning of the SEC regulations, the listing standards of the American Stock Exchange ("AMEX") and the Company's Corporate Governance Guidelines. Mr. Locklear, a member and Chair of the Committee, is qualified as an "audit committee financial expert" within the meaning of SEC regulations and the Board has determined that he has accounting and related financial management expertise within the meaning of the listing standards of the AMEX. All of the members of the Audit Committee meet the independence and experience requirements of the listing standards of the AMEX. The Audit Committee met one time in 2009.

**Governance and Nominating Committee.** The Governance and Nominating Committee is responsible for developing and implementing policies and practices relating to corporate governance, including reviewing and monitoring implementation of the Company's Corporate Governance Guidelines. In addition, the Committee develops and reviews background information on candidates for the Board and makes recommendations to the Board regarding such

candidates. The Committee also prepares and supervises the Board's annual review of director independence and the Board's performance self-evaluation. The charter of the Governance and Nominating Committee was adopted on October 20, 2004, and is available on the Company's Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Governance and Nominating Committee was formed on October 20, 2004; the Board selected Messrs. Huffstickler, Lund and Ms. Beadle as members of the Governance and Nominating Committee in December 2009. All of the members of the Governance and Nominating Committee are independent within the meaning of the listing standards of the AMEX and the Company's Corporate Governance Guidelines. The Governance and Nominating Committee met one time in 2009.



Compensation Committee. The Compensation Committee is responsible for overseeing the policies of the Company relating to compensation to be paid by the Company to the Company's principal executive officer and any other officers designated by the Board and make recommendations to the Board with respect to such policies, produce necessary reports on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations and to monitor the development and implementation of succession plans for the principal executive officer and other key executives and make recommendations to the Board with respect to such plans. The charter of the Compensation Committee was adopted on October 20, 2004, and is available on the Company's Investor Relations website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). The Compensation Committee was formed on October 20, 2004; the Board selected Messrs. Locklear, Lund and Ms. Beadle as members of the Compensation Committee in December 2009. All of the members of the Compensation Committee are independent within the meaning of the listing standards of the AMEX and the Company's Corporate Governance Guidelines. The Compensation Committee is to be comprised of at least three directors who are independent of management and the Company. The Compensation Committee met one time in 2009.

#### Selection of Nominees for the Board

The Governance and Nominating Committee will consider candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. The Committee may also retain a third-party executive search firm to identify candidates upon request of the Committee from time to time. A stockholder who wishes to recommend a prospective nominee for the Board should notify the Company's Corporate Secretary or any member of the Governance and Nominating Committee in writing with whatever supporting material the stockholder considers appropriate. The Governance and Nominating Committee will also consider whether to nominate any person nominated by a stockholder pursuant to the provisions of the Company's bylaws relating to stockholder nominations.

Once the Governance and Nominating Committee has identified a prospective nominee, the Committee will make an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination will be based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination will be based primarily on the need for additional Board members to fill vacancies or expand the size of the Board and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the Committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that additional consideration is warranted, it may request the third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the Committee. The Committee will then evaluate the prospective nominee against the standards and qualifications set out in the Company's Corporate Governance Guidelines, including:

the ability of the prospective nominee to represent the interests of the stockholders of the Company;

the prospective nominee's standards of integrity, commitment and independence of thought and judgment;

the prospective nominee's ability to dedicate sufficient time, energy and, attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in the Company's Corporate Governance Guidelines;

the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the Board;

the extent to which the prospective nominee helps the Board reflect the diversity of the Company's stockholders, employees, customers, guests and communities; and

the willingness of the prospective nominee to meet any minimum equity interest holding guideline.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. In connection with this evaluation, the Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Committee, and others as appropriate, interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Committee.

The Bylaws of the Company provide that any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if one hundred twenty (120) days prior written notice of such stockholders' intention to make such nomination has been delivered personally to, or has been mailed to and received by, the Board of Directors at the principal office of the Company with a copy to the President and Secretary of the Company. If a stockholder has a suggestion for candidates for election, the stockholder should follow this procedure. Each notice from a stockholder must set forth (i) the name and address of the stockholder who intends to make the nomination and the name of the person to be nominated, (ii) the class and number of shares of stock held of record, owned beneficially and represented by proxy by such stockholder as of the record date for the meeting and as of the date of such notice, (iii) a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person specified in the notice, (iv) a description of all arrangements or understandings between such stockholder and each nominee and any other person (naming those persons) pursuant to which the nomination is to be made by such stockholder, (v) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules, and (vi) the consent of each nominee to serve as a director of the Company if so elected. The chairman of the Annual Meeting may refuse to acknowledge the nomination of any person not made in compliance with this procedure.

#### Determinations of Director Independence

In October 2004, the Board enhanced its Corporate Governance Guidelines. The Guidelines adopted by the Board meet or exceed the new listing standards adopted during the year by the American Stock Exchange. The full text of the Guidelines can be found in the Investor Relations section of the Company's website ([www.newconceptenergy.com](http://www.newconceptenergy.com)). A copy may also be obtained upon request from the Company's Corporate Secretary.

Pursuant to the Guidelines, the Board undertook its annual review of director independence in December 2009. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including those reported under "Certain Relationships and Related Transactions" below. The Board also examined transactions and relationships between directors or their affiliates and members of the Company's senior management or their affiliates. As provided in the Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined of the then directors, Messrs. Huffstickler, Locklear, Lund and Ms. Beadle are each independent of the Company and its management under the standards set forth in the Corporate Governance Guidelines.

#### Board Meetings During Fiscal 2009

The Board met four times during fiscal 2009. Each director attended 75% or more of the meetings of the Board and Committees on which he served. Under the Company's Corporate Governance Guidelines, each Director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending meetings of the stockholders of the Company, the Board and Committees of which he is a member. In addition, the independent directors met in executive session four times during fiscal 2009.

#### Directors' Compensation

Each non-employee director is entitled to receive an annual retainer of \$2,500 plus a meeting fee of \$2,000 plus reimbursement for expenses. Directors who are also employees of the Company receive no additional compensation for service as a director.

During 2009, \$34,000 was paid to the non-employee directors in total directors' fees for all services, including the annual fee for service during the period from January 1, 2009 through December 31, 2009. Those fees received by directors were Roz Campisi Beadle (\$8,500), James E. Huffstickler (\$8,500), Dan Locklear (\$8,500) and Victor Lund (\$8,500).

#### Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees (including those of the contractual advisor). In addition, on February 19, 2004, the Company adopted a code of ethics entitled "Code of Ethics for Senior Financial Officers" that applies to the principal executive officer, president, principal financial officer, chief financial officer, the principal accounting officer and controller. The text of both documents is available on the Company's Investor Relations website ([www.incomeopp-realty.com](http://www.incomeopp-realty.com)). The Company intends to post amendments to or waivers from its Code of Ethics for Senior Financial Officers (to the extent applicable to the Company's chief executive officer, principal financial officer or principal accounting officer) at this location on its website.



## Compliance With Section 16(a) of Reporting Requirements

Section 16(a) under the Securities Exchange Act of 1934 requires the Company's directors, executive officers and any persons holding 10% or more of the Company's shares of Common Stock are required to report their ownership of the Company's shares of Common Stock and any changes in that ownership to the SEC on specified report forms. Specific due dates for these reports have been established, and the Company is required to report any failure to file by these dates during each fiscal year. All of these filing requirements were satisfied by the Company's directors and executive officers and holders of more than 10% of the Company's Common Stock during the fiscal year ended December 31, 2009. In making these statements, the Company has relied upon the written representations of its directors and executive officers and the holders of 10% or more of the Company's Common Stock and copies of the reports that each has filed with the SEC.

## Security Ownership of Certain Beneficial Owners and Management

## Security Ownership of Certain Beneficial Owners

The following table sets forth the ownership of the Company's Common Stock, both beneficially and of record, both individually and in the aggregate, for those persons or entities known by the Company to be the beneficial owners of more than 5% of its outstanding Common Stock as of the close of business on September 24, 2010.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Approximate Percent of Class**
Arcadian Energy, Inc.(2) 1800 Valley View Lane, Suite 300 Dallas, Texas 75234	1,313,078	67.79%
HKS Investment Corporation(1)	108,994	5.63%
Go Green Fuel N.A., L.P.(3)	100,000	5.16%
URC Energy LLC(2)	950,000	49.05%

(1) According to an original statement on Schedule 13D dated January 9, 2006, the entity consists of David Hensel, John Kellar and Marshall Stagg, each of whom are deemed to be the beneficial owner of all 108,994 shares. Hensel is stated to be a shareholder, director and President of the entity; Kellar is a shareholder, director and Vice President and Treasurer; and Stagg is a shareholder, director and Secretary.

(2) Of these entities, Arcadian Energy, Inc. ("Arcadian") owns 363,078 shares direct and is the sole member of URC Energy LLC which owns 950,000 shares and TacCo Financial, Inc. ("TFI") owns 500 shares. Arcadian as the sole member of URC Energy LLC is deemed to be the beneficial owner of such 950,000 shares.

(3) Consists of 100,000 shares of Common Stock owned by Go Green Fuel N.A., L.P., a Texas limited partnership, the sole General Partner of which is GGF North American, LLC, a Texas limited liability company. According to an original statement on Schedule 13D dated December 31, 2009, Go Green Fuel N.A., L.P. acquired 100,000 shares of Common Stock from West Go Green, LLC, a Nevada limited liability company at a price of \$6.90 per share and Go Green Fuel N.A., L.P. granted to West Go Green, LLC a “Repurchase Option” for a period of three calendar years from December 31, 2009 to repurchase all or any portion of the 100,000 shares purchased at the original purchase price of \$6.90 per share, which Repurchase Option may be exercised by West Go Green, LLC or its assignee by written notice given to Go Green Fuel N.A., L.P. at least two calendar days prior to the date of exercise of the Repurchase Option.

#### Security Ownership of Management

The following table sets forth the ownership of the Company’s Common Stock, both beneficially and of record, both individually and in the aggregate for the directors and executive officers of the Company, and for certain deemed beneficial owners, as of the close of business on September 24, 2010:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Approximate Percent of Class**
Gene S. Bertcher	71,811	3.71%
Roz Campisi Beadle	100	***
James E. Huffstickler	--	--
Dan Locklear	--	--
Victor Lund	--	--
All directors and executive officers as a group (five people)	71,911	3.71%

\* “Beneficial Ownership” means the sole or shared power to vote, or to direct the voting of, a security or investment power with respect to a security, or any combination thereof.

\*\* Percentages are based upon 1,936,935 shares of Common Stock outstanding at August 6, 2010.

\*\*\* Less than 1%.

#### Change in Control

On July 21, 2009, Arcadian acquired from Syntek West, Inc., a Nevada corporation (“SWI”) (i) 395,078 shares of Common Stock of the Company (approximately 20.29% of the issued and outstanding Common Stock) at an aggregate price of \$2,074,160 (approximately \$5.25 per share) and (ii) 100% of the Membership Interest of and in URC Energy, LLC, a Nevada limited liability company (“URCLLC”) for a purchase price of \$5,220,585. URCLLC owns and has owned since May 18, 2008 an aggregate of 950,000 shares of Common Stock of the Company (approximately 50.33% of the issued and outstanding Common Stock). With such acquisition, Arcadian acquired the beneficial ownership of approximately 67% of the issued and outstanding Common Stock of the Company and a change of control of the Company occurred. The basis of control is the aggregate percentage of voting securities of the Company which is now beneficially owned by the “Reporting Persons” (approximately 67.44%) which include URCLLC at 49.05% with 950,000 shares of Common Stock and Arcadian at 18.65% with 363,078 shares of Common Stock.



PROPOSAL 1

ELECTION OF DIRECTORS

Five directors are to be elected at the Annual Meeting. Each director elected will hold office until the Annual Meeting following the fiscal year ending December 31, 2010. All of the nominees for director are now serving as directors. Each of the nominees has consented to being named in this proxy statement as a nominee and has agreed to serve as a director if elected. The persons named on the proxy card will vote for all of the nominees for director listed unless you withhold authority to vote for one or more of the nominees. The nominees receiving a plurality of votes cast at the Annual Meeting will be elected as directors. Abstentions and broker non-votes will not be treated as a vote for or against any particular nominee and will not affect the outcome of the election of directors. Cumulative voting for the election of directors is not permitted. If any director is unable to stand for re-election, the Board will designate a substitute. If a substitute nominee is named, the persons named on the proxy card will vote for the election of the substitute director.

The nominees for directors are listed below, together with their ages, terms of service, all positions and offices with the Company, other principal occupations, business experience and directorships with other companies during the last five years or more. The designation "affiliated" when used below with respect to a director means that the director is an officer, director or employee of the Company.

Roz Campisi Beadle, age 53, (Independent) Director since December 2003

Ms. Beadle is Executive Vice President of Unified Housing Foundation and a licensed realtor. She has a background in public relations and marketing. Ms. Beadle is also extremely active in various civic and community services and is currently working with the Congressional Medal of Honor Society and on the Medal of Honor Host City Committee in Gainesville, Texas.

Gene S. Bertcher, age 61, (Affiliated) Director since November 1989 to September 1996 and since June 1999

Mr. Bertcher was elected President and Chief Financial Officer effective November 1, 2004. From January 3, 2003 until that date he was also Chief Executive Officer. Mr. Bertcher has been Executive Vice President, Chief Financial Officer and Treasurer of the Company since November 1989. He has been a certified public accountant since 1973. Mr. Bertcher is also Executive Vice President (since February 2008) and Chief Financial Officer (since November 2, 2009) of American Realty Investors, Inc., a Nevada corporation ("ARL") which has its common stock listed and traded on the New York Stock Exchange ("NYSE"), Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI") which also has its common stock listed and traded on the NYSE and Income Opportunity Realty Investors, Inc., a Nevada corporation ("IOT") which has its common stock listed and traded on the AMEX. All of ARL, TCI and IOT are Dallas, Texas based real estate entities; prior to May 2008 and from February 2008 to April 2008, he was also Interim Chief Financial Officer of ARL, TCI and IOT. Until November 1989, Mr. Bertcher was a partner in Grant Thornton, LLP having served as Chairman of its National Real Estate and Construction Committee.