

PELICAN FINANCIAL INC  
Form 8-K  
February 16, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported):**

**December 9, 2006**

**PELICAN FINANCIAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-14986**  
(Commission  
File Number)

**58-2298215**  
(I.R.S. Employer ID  
Number)

**3767 Ranchero Drive, Ann Arbor, Michigan 48108**

(Address of Principal Executive Offices)(Zip Code)

Registrant's telephone number, including area code: **(734) 662-9733**

*Not Applicable*

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(Former name or former address, if changed since last report)

**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:**

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**
  - ý Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a- 12)**
  - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**
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**ITEM 1.01. Entry into a Material Definitive Agreement**

**Severance Agreement and Mutual General Release of Claims with Howard Montgomery**

**On February 10, 2006**, Pelican Financial, Inc. (the Company or PFI), and Pelican National Bank (Bank), the wholly-owned subsidiary of the Company, entered into a Severance Agreement and Mutual General Release of Claims (Severance Agreement) with Howard B. Montgomery, Jr., who resigned as president of the Bank effective as of the close of business on February 10, 2006. Under the Severance Agreement, the Bank will pay Mr. Montgomery a severance of \$482,500 in satisfaction of amounts due or to become due to him under his employment agreement, including a bonus payable as a result of the previously announced agreement and plan of merger with Stark Bank Group, Ltd. In addition, all of the 50,000 options to purchase the Company's stock previously awarded to Mr. Montgomery will become immediately exercisable and will not expire prior to the close of business on August 2, 2015, the original expiration date of the options.

The Severance Agreement also contains a mutual release of claims.

The foregoing does not constitute a complete summary of the terms of the Severance Agreement and reference is made to the complete text of the agreement, a copy of which is attached hereto as exhibit 10.1. and is incorporated herein by reference.

**ITEM 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers**

(b) On December 9, 2006, Charles C. Huffman resigned as chief executive officer of the Bank. Mr. Huffman will remain as Chairman, President and Chief Executive Officer of the Company and as Chairman of the Bank

**On February 10, 2006**, Howard Montgomery resigned as president of the Bank effective as of the close of business on February 10, 2006. Mr. Montgomery also resigned as a director of the Company and the Bank.

(c) On December 9, 2005, the Bank appointed Kenneth Aschom, age 51, as chief executive officer of the Bank. Previously, Mr. Aschom was President of the Loan Production Office of First American Bank, Naples, Florida, a wholly-owned subsidiary of Stark, since December 2004. From January 2004 to December 2004, Mr. Aschom was Senior Vice President and Senior Private Banker of US Trust Company. From November 2001 to June 2004, Mr. Aschom was President of AmSouth Bank, Naples Florida. From April 1999 to October 2001, Mr. Aschom was Senior Vice President and Senior Wealth Management Executive, AmSouth Bank, for the West Coast of Florida.

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**Mr. Aschom is expected to serve as Market President of the Bank following the merger.**

**Mr. Aschom is an employee-at-will of the Bank and receives an annual salary of \$152,00 in addition to benefits generally available to other employees.**

**Additional Information about the Merger and Where to Find It**

**It is anticipated that the merger will be submitted to PFI shareholders for approval. PFI is preparing proxy materials describing the merger that will be mailed to PFI's shareholders. These proxy materials and other relevant materials, including the definitive merger agreement, may be obtained free of charge at the Securities and Exchange Commission's website at <http://www.sec.gov>. In addition, shareholders may obtain free copies of the documents that PFI files with the SEC on PFI's website at [www.PelicanFinancialInc.com](http://www.PelicanFinancialInc.com) or by written request directed to:**

**Howard Nathan**

**Pelican Financial Inc.**

**3767 Ranchero Drive**

**Ann Arbor, Michigan 48108.**

**SHAREHOLDERS OF PFI ARE URGED TO READ THESE MATERIALS AND TO READ THE DEFINITIVE PROXY MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN AND WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER AND RELATED ITEMS.** Shareholders are urged to read the proxy statement and other relevant materials before making any voting or investment decisions with respect to the proposed merger.

**The executive officers and directors of PFI have interests in the proposed merger, some of which differ from, and are in addition to, those of PFI's shareholders generally. In addition, PFI and its executive officers and directors may be participating or may be deemed to be participating in the solicitation of proxies from the security holders of the PFI in connection with the proposed merger. Information about the executive officers and directors of PFI, their relationship with PFI and their beneficial ownership of PFI securities will be set forth in the proxy materials filed with the Securities and Exchange Commission. Shareholders may obtain additional information regarding the direct and indirect interests of PFI and its executive officers and directors in the proposed merger by reading the proxy materials relating to the merger when they become available.**

**Forward Looking Statements Safe Harbor**

**This Report contains comments or information that constitute forward-looking statements within the context of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve significant risks and uncertainties. Actual results may differ materially from the results discussed in the forward-looking statements. Factors that may cause such a difference include: risks that the merger will not be consummated on the terms disclosed or at all; risks resulting from the potential adverse effect on PFI's business and operations of the covenants PFI made in the merger agreement; risks resulting from the decrease in the amount of time and attention that management can devote to PFI's business while also devoting its attention to completing the proposed merger; risks associated with the increases in operating costs resulting from the additional expenses PFI has**

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**incurred and will continue to incur relating to the proposed merger; changes in interest rates and interest-rate relationships;**

**demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking regulations; changes in tax laws; changes in prices, levies, and assessments; the impact of technological advances; governmental and regulatory policy changes; the outcomes of contingencies; trends in customer behavior and their ability to repay loans; changes in the national and local economy; and other factors included in PFI's filings with the Securities and Exchange Commission, available free online via EDGAR at sec.gov. PFI assumes no responsibility to update forward-looking statements.**

**ITEM 9.01 Financial Statements and Exhibits**

**(c) Exhibits**

**The following exhibits are filed herewith.**

Exhibit Number	Description
<b>10.1</b>	<b>Severance Agreement and Mutual General Release of Claims among Pelican Financial, Inc., Pelican National Bank and Howard B. Montgomery, Jr.</b>

Signatures

**Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.**

Pelican Financial, Inc.

Dated: February 16, 2006

/s/ Charles C. Huffman  
Charles C. Huffman  
President and Chief Executive Officer