

GYRODYNE CO OF AMERICA INC  
Form DFAN14A  
April 23, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant []  
Filed by a Party other than the Registrant [X]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted  
by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to ss.240.14a-12

GYRODYNE COMPANY OF AMERICA, INC.

-----  
(Name of Registrant as Specified In Its Charter)

FULL VALUE PARTNERS L.P.

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

Payment of Filing Fee (Check the appropriate box):

- 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:

-----  
2) Aggregate number of securities to which transaction  
applies:

-----  
3) Per unit price or other underlying value of transaction  
computed pursuant to Exchange Act Rule 0-11 (set forth the  
amount on which the filing fee is calculated and state how it  
was determined):

-----  
4) Proposed maximum aggregate value of transaction:

-----  
5) Total fee paid:  
-----

Edgar Filing: GYRODYNE CO OF AMERICA INC - Form DFAN14A

[ ] Fee paid previously with preliminary materials.  
[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

-----  
2) Form, Schedule or Registration Statement No.:

-----  
3) Filing Party:

-----  
4) Date Filed:  
-----

Full Value Partners L.P.  
Park 80 West, Plaza Two  
Saddle Brook, NJ 07663  
Phone (201) 556-0092  
Fax (201) 556-0097

November 17, 2006

Peter Pitsiokos  
Corporate Secretary  
Gyrodyne Company of America, Inc.  
102 Flowerfield  
St. James, NY 11780

Dear Pete:

We received your letter dated November 15, 2006.

As you surely recall, at last year's annual meeting, shareholders were told with much fanfare that management's strategic plan was to achieve "one or more shareholder liquidity events." The press release of October 19, 2006 (not October 18 as you stated) announcing the acquisition of ten buildings in Port Jefferson, New York and the expansion of the board of directors changed everything. These actions are material events that no shareholder could have anticipated.

Courts have routinely held that if a material event occurs after a company's advance notice deadline, the board cannot deny a shareholder a fair chance to respond via a proxy contest. In such cases the board is obligated to waive the advance notice requirement. See *Hubbard v. Hollywood Park Realty Enterprises*,

Edgar Filing: GYRODYNE CO OF AMERICA INC - Form DFAN14A

1991 WL 3151, at \*11 (Del. Ch. 1991) (recognizing the fundamental right of shareholders to vote and nominate candidates for the board of directors when a material change occurs after the company's advance notice deadline). After all, shareholders can not be expected to stand at the ready to respond to every shocking post-deadline announcement. (Ironically, you took sixteen days to respond to our advance notice letter that you allege was untimely because it was received eleven days after the announcement that impelled us to conduct a proxy contest.)

We urge Gyrodyne's directors to reconsider. They have a duty to conduct a fair election and cannot hide behind a self-serving determination to enforce the advance notice by-law under these circumstances. It is patently obvious that the primary purpose of that is to fend off a challenge to the board. If the chair of the meeting does carry out the threat to declare our nominations or proposal out of order that would be a breach of fiduciary duty. When faced with a similar abuse of power by the chair of a shareholder meeting, one court declared:

The right of the majority . . . to control the action of the meeting cannot be questioned. A presiding officer cannot arbitrarily defeat the will of the majority by refusing to entertain or put motions, by wrongfully declaring the result of a vote, or by refusing to permit the expression by the majority of its will. He is the representative of the body over which he presides. His will is not binding on it, but its will, legally expressed by a majority of its members, is binding.

Many courts have concluded that an action whose primary purpose is to thwart a shareholder vote is presumptively invalid. Declaring our nomination or proposal "out of order" clearly meets that standard.

If the board would like some more time to prepare for a contested election, we suggest that it postpone the annual meeting for a few weeks so that each side can have time to present its case to shareholders. However, ultimately the board has a duty to let the shareholders vote. Hopefully, it will reconsider and it will not be necessary to litigate this matter. We look forward to your prompt reply.

Very truly yours,

Andrew Dakos  
Managing Member  
Full Value Advisors LLC  
General Partner