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JLM COUTURE INC
Form DEF 14A
March 01, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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

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 240.14a-12

JLM Couture, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

JLM COUTURE, INC.

(a Delaware Corporation)

Notice of 2004 Annual Meeting
of Shareholders to be held
at 10:00 A.M. on _____, 2004

To the Shareholders of

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JLM COUTURE, INC.:

NOTICE IS HEREBY GIVEN that the 2004 Annual Meeting of Shareholders (the "Meeting") of JLM COUTURE, INC. (the "Company") will be held on _____, 2004 at 10:00 A.M. at the Company's offices, located at 525 Seventh Avenue, Suite 1703, New York, NY 10018, to consider and vote on the following matters described under the corresponding numbers in the attached Proxy Statement:

1. To elect one Class III Director to hold office for three years and until the 2007 Annual Meeting of Shareholders at which his term expires or until his successor has been duly elected and qualifies;
2. To ratify the appointment of Goldstein Golub Kessler LLP as the Company's independent auditors for its fiscal year ending October 31, 2004; and
3. To transact such other business as may properly come before the Meeting.

The Board of Directors has fixed _____, 2004, at the close of business, as the record date for the determination of shareholders entitled to vote at the Meeting, and only holders of shares of Common Stock of the Company of record at the close of business on that day will be entitled to vote. The stock transfer books of the Company will not be closed.

A complete list of shareholders entitled to vote at the Meeting shall be available for examination by any shareholder, for any purpose germane to the Meeting, during ordinary business hours from _____, 2004 until the Meeting at the offices of the Company. The list will also be available at the Meeting.

Whether or not you expect to be present at the Meeting, please fill in, date, sign, and return the enclosed Proxy, which is solicited by management. The Proxy is revocable and will not affect your vote in person in the event you attend the Meeting.

By Order of the Board of Directors

Joseph E. O'Grady, Secretary

Date: _____, 2004

Requests for additional copies of proxy material and the Company's Annual Report for its fiscal year ended October 31, 2003 should be addressed to Shareholder Relations, JLM Couture, Inc., 525 Seventh Avenue, Suite 1703, New York, NY 10018. This material will be furnished without charge to any shareholder requesting it.

JLM COUTURE, INC.

525 Seventh Avenue, Suite 1703
New York, NY 10018

Proxy Statement

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The enclosed proxy is solicited by the management of JLM Couture, Inc. (the "Company") in connection with the 2004 Annual Meeting of Shareholders (the "Meeting") to be held on _____, 2004 at 10:00 A.M. at the Company's offices located at 525 Seventh Avenue, Suite 1703, New York, NY 10018 and any adjournment thereof. The Board of Directors (the "Board") has set _____, 2004 as the record date for the determination of shareholders entitled to vote at the Meeting. A shareholder executing and returning a proxy has the power to revoke it at any time before it is exercised by filing a later proxy with, or other communication to, the Secretary of the Company or by attending the Meeting and voting in person.

The proxy will be voted in accordance with your directions as to:

- (1) The election of one Class III Director to hold office for three years and until the 2007 Annual Meeting of Shareholders at which his term expires or until his successor has been duly elected and qualifies;
- (2) The ratification of the appointment of Goldstein Golub Kessler LLP ("GGK") as the Company's independent auditors for its fiscal year ending October 31, 2004; and
- (3) The transaction of such other business as may properly come before the Meeting.

In the absence of direction, the proxy will be voted in favor of management's proposals.

The entire cost of soliciting proxies will be borne by the Company. The costs of solicitation, which represent an amount believed to be normally expended for a solicitation relating to an uncontested election of directors, will include the costs of supplying necessary additional copies of the solicitation materials and the Company's Annual Report to Shareholders for its fiscal year ended October 31, 2003 ("Fiscal 2003") (the "Annual Report") to beneficial owners of shares held of record by brokers, dealers, banks, trustees, and their nominees, including the reasonable expenses of such recordholders for completing the mailing of such materials and Annual Reports to such beneficial owners.

Only shareholders of record of the Company's 1,912,694 shares of Common Stock (the "Common Stock") outstanding at the close of business on _____, 2004 will be entitled to vote. Each share of Common Stock is entitled to one vote. Holders of a majority of the outstanding shares of Common Stock must be represented in person or by proxy in order to achieve a quorum. All shares of our Common Stock represented in person or by proxy (including shares which abstain or do not vote for any reason with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present at the Annual Meeting. Abstentions will be treated as shares that are present and entitled to vote for purposes of determining the number of shares present and entitled to vote with respect to any particular matter, but will not be counted as a vote in favor of such matter. Accordingly, an abstention from voting on a matter has the same legal effect

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as a vote against the matter. If a broker or nominee holding stock in "street name" indicates on the proxy that it does not have discretionary authority to vote as to a particular matter ("broker non-votes"), those shares will not be considered as present and entitled to vote with respect to such matter. Accordingly, a broker non-vote on a matter has no effect on the voting on such matter. The proxy statement, the attached notice of meeting, the enclosed form of proxy and the Annual Report are being mailed to shareholders on or about , 2004. The mailing address of the Company's principal executive offices is 525 Seventh Avenue, Suite 1703, New York, NY 10018.

PROPOSAL ONE. ELECTION OF ONE CLASS III DIRECTOR

The Company's By-laws require the Company to have five or less directors. The number of directors is set by the Board and was increased from three to four on August 12, 2003. The Board is divided into three classes of directors. Classes I and III currently each consist of one director and Class II currently consists of two directors. Class III, whose term expires at the Meeting, consists of Joseph L. Murphy; Class I, whose term expires in 2005, consists of Joseph E. O'Grady; and Class II, whose term expires in 2006, consists of Daniel M. Sullivan and Keith Cannon. At the Meeting, one director will be elected to fill the term of the Class II director. Mr. Murphy who is running for reelection, is the nominee for election at the Meeting. If elected, Mr. Murphy will serve for a term expiring at the 2007 Annual Meeting of Shareholders.

The persons named in the accompanying proxy have advised management that it is their intention to vote for the election of Mr. Murphy as a Class II Director unless indication is made on your proxy card that your vote should be withheld from either or both of the nominees.

The Board of Directors unanimously recommends a vote FOR the election of this nominee as Director.

The following table sets forth certain information as to the person nominated for election as a director of the Company and for those directors whose terms of office will continue after the Meeting:

Nominee For Director Whose Term Expires in 2007:

Name	Age	Position with the Company	Director Since
Joseph L. Murphy	48	Chief Executive Officer Chief Financial Officer, and Director	April 1986

Joseph L. Murphy, a founder of the Company, has been a director of the Company since its inception. During Fiscal 1992, Mr. Murphy was appointed President. In February 1993, Mr. Murphy was appointed Chief Executive Officer. Mr. Murphy is the brother

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of Mark Murphy, the Company's Vice President - Operations.

Directors Whose Terms Continue After the Meeting:

Name	Age	Position with the Company	Director Since
Joseph E. O'Grady	81	Secretary and Director	February 1991
Daniel M. Sullivan	79	Chairman of the Board of Directors	September 1986
Keith Cannon	63	Director	October 2003

Joseph E. O'Grady was appointed to the Board of Directors in February 1991. In December 1992, Mr. O'Grady was appointed Secretary of the Company. For more than the past five years, Mr. O'Grady has been President of JOG Associates, Inc., a privately-held financial consulting firm based in Hicksville, NY. JOG Associates, Inc. arranges business financing and provides financial consulting services for closely-held companies.

Daniel M. Sullivan became a director in September 1986 and was elected Chairman of the Board in 1989. In 1989, Mr. Sullivan retired as President and Chief Executive Officer of Frost & Sullivan, Inc., a publicly-traded publisher of market research studies, a position he had held for more than five years prior to his retirement.

Keith A. Cannon, became a director of the Company in October 2003. Mr. Cannon is currently a registered representative for Wilson-Davis & Co., Inc., a broker-dealer based in Salt Lake City, Utah. For the past ten years, he has acted in this capacity and resided in Oceanside, California. Mr. Cannon also serves as member of the Board of Directors and Audit Committee of the following public companies: Elamex S.A. de C.V., Global e-Point, Inc., M.B.A. Holdings, Inc. and Montgomery Realty Group, Inc. He has been engaged in various capacities in the investments business for the past 35 years.

During Fiscal 2003, the Board met informally. It acted six times by unanimous written consent.

OTHER EXECUTIVE OFFICERS

Name	Age	Position with the Company	Position Held Since
Mark Murphy	38	Vice President- Operations	May 1993
Jerrold Walkenfeld	46	Principal Accounting Officer	June 2002

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Mark Murphy was appointed Vice President - Operations in May 1993. Mr. Mark Murphy joined the Company in January 1993. Prior to his joining the Company, Mr. Mark Murphy was employed as a manager by Accurate Testing Co., a metals testing company based in California, a position he had held since 1988. Mr. Mark Murphy is the brother of Joseph L. Murphy, the Company's President.

Jerrold Walkenfeld, Principal Accounting Officer, commenced employment with the Company in June 2002. Since 1995 until his employment by the Company in June 2002, he was engaged by the Company as an outside consultant to render financial and accounting services for the Company. For more than the past five years, Mr. Walkenfeld has maintained an independent accounting practice. Mr. Walkenfeld is a certified public accountant.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934.

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Based solely on its review of the copies of such forms received by it, the Company believes that during Fiscal 2003, such forms have been filed with the SEC on a timely basis.

AUDIT AND COMPENSATION COMMITTEE

During Fiscal 2003, the Audit and Compensation Committee (the "Audit Committee") consisting of Messrs. O'Grady and Sullivan met two times. Mr. Cannon was appointed to the Audit Committee by the Board in Fiscal 2004.

AUDIT COMMITTEE REPORT

The Audit Committee consists of a majority of independent directors all of whom meet the independence and experience requirements of Nasdaq Marketplace Rule 4200(a)(14). The Audit Committee's responsibilities are as described in a written charter adopted by the Board, which is attached as Appendix A to this Proxy Statement.

The Audit Committee has reviewed and discussed the Company's audited financial statements for Fiscal 2003 with management and with the Company's independent auditors, Goldstein Golub Kessler LLP ("GGK"). The Audit Committee has discussed with GGK the matters required to be discussed by the Statement on Auditing Standards No. 61 relating to the conduct of the audit. The Audit Committee has received the written disclosures and the letter from GGK required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has discussed with GGK its independence. Based on the Audit Committee's review of the audited financial statements and the review and discussions described in this paragraph, the Audit Committee recommended to the Board that the audited financial statements for Fiscal 2003 be included in the Company's Annual Report on

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Form 10-K for Fiscal 2003 for filing with the Securities and Exchange Commission.

Submitted by the members of the Audit Committee:

Joseph E. O'Grady
Daniel M. Sullivan
Keith Cannon

AUDIT FEES; FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES; ALL OTHER FEES

Audit fees billed to the Company by GGK during Fiscal 2003 for review of the Company's annual financial statements and those financial statements included in the Company's quarterly reports on Form 10-QSB totaled \$69,114. The Company did not engage GGK to provide advice to the Company regarding financial information systems design and implementation during Fiscal 2003. The Company did not engage GGK during Fiscal 2003 for any other non-audit services.

EXECUTIVE COMPENSATION

The following table sets forth the compensation the Company paid for its fiscal years ended October 31, 2003, 2002 and 2001 to its Chief Executive Officer and to each of its other executive officers whose compensation exceeded \$100,000 on an annual basis.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Fiscal Year -----	Annual Com- pensation Salary (\$) -----	Other Annual Com- pensation (\$) -----	Long Term Compensation/ Options -----	Other Compen- ation(\$) -----
Joseph L. Murphy, President and Chief Executive Officer	2003	325,000	70,132	200,000 (1)	38,327
	2002	325,000	202,807	100,000	37,009
	2001	325,000	57,640	-	9,526
Mark Murphy, Vice President Operations	2003	103,308	6,088	-	-
	2002	97,243	5,000	12,000	-

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Jerrold	2003	109,975	7,331	-	-
Walkenfeld,	2002	90,921	13,920	-	-
Principal Accounting OfficeR -----					