

STEPHAN CO
Form PREM14A
November 24, 2003
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SCHEDULE 14A

(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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 Rule 14a-12

The Stephan Co.

(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):

- ☐ 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:

The Stephan Co. common stock, par value \$0.01 per share

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

3,259,971 shares of common stock, par value \$0.01 per share.

(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):

The filing fee was determined based upon the product of 3,259,971 shares of common stock and the merger consideration of \$4.50 per share. In accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying the amount calculated pursuant to the preceding sentence by 1/50 of one percent.

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(4) Proposed maximum aggregate value of transaction:

\$14,669,870

(5) Total fee paid:

\$2,933.97

.. 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.:

Preliminary Proxy Statement

(3) Filing Party:

The Stephan Co.

(4) Date Filed:

November 24, 2003

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THE STEPHAN CO.

1850 West McNab Road

Fort Lauderdale, FL 33309

To Our Stockholders:

You are cordially invited to attend a special meeting of the stockholders of The Stephan Co. (Stephan) to be held on , 2003, at p.m., local time, at our corporate offices at 1850 West McNab Road, Fort Lauderdale, Florida 33309. A notice of the special meeting, a proxy statement and a proxy card are enclosed. Please read the enclosed proxy statement carefully as it sets forth details of the proposed merger and other important information relating to the merger and the special meeting.

At the special meeting, we will ask you to adopt and approve an Amended and Restated Agreement and Plan of Merger, dated as of October 24, 2003, pursuant to which Gunhill Enterprises, Inc. (Gunhill) will merge into Stephan. Gunhill Enterprises, Inc., formed solely for the purpose of effecting the merger, is a wholly-owned subsidiary of Eastchester Enterprises, Inc. (Eastchester). Eastchester is owned by Frank F. Ferola, Thomas M. D Ambrosio, Shouky A. Shaheen and John DePinto. Frank F. Ferola also serves as Chairman and Chief Executive Officer of Stephan. The acquisition group, which includes Eastchester, Gunhill, Frank F. Ferola, Thomas M. D Ambrosio, Shouky A. Shaheen and John DePinto, owns 26.1% of Stephan s outstanding common stock.

Upon the adoption and approval of the merger agreement and the completion of the merger, each outstanding share of common stock, except for shares held by the members of the acquisition group, will be canceled and converted into the right to receive: (i) \$3.25 in cash and (ii) a promissory note issued by Stephan (as the surviving corporation) in the principal amount of \$1.25 times the number of shares owned by our stockholders. After the merger, Stephan will be privately held and wholly-owned by the acquisition group. A copy of the merger agreement is attached to the proxy statement as Appendix A and we urge you to read it in its entirety.

A special committee of our board of directors, comprised solely of directors who are not officers or employees of our company, was formed to consider and evaluate the proposed merger. The special committee has unanimously recommended to our board of directors that the merger agreement be approved. In connection with its evaluation of the merger, the special committee engaged SunTrust Robinson Humphrey Capital Markets (Robinson Humphrey) as its financial advisor to render an opinion to the special committee as to the fairness of the consideration to be received in the proposed merger by the unaffiliated common stockholders of Stephan. Robinson Humphrey has rendered its opinion dated as of April 30, 2003, to the effect that, as of that date and based upon and subject to the limitations and qualifications set forth in the opinion, the consideration to be received in the merger by the unaffiliated shareholders is fair to those shareholders from a financial point of view. The written opinion of Robinson Humphrey is attached to the proxy statement as Appendix B, and you should read it carefully.

Based on the unanimous recommendation of the special committee, our board has unanimously approved and declared the advisability of the merger agreement, and has unanimously determined that the merger consideration described above is fair to our unaffiliated shareholders and that the merger is advisable and in the best interests of Stephan and its unaffiliated shareholders . We unanimously recommend that you vote FOR the merger agreement and the merger.

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Whether or not you plan to attend the special meeting, please promptly complete, date, sign and return the enclosed proxy card in the enclosed prepaid envelope. Your failure to either return a properly executed proxy card or vote at the special meeting will have the same effect as a vote against the merger.

If the merger is consummated, you will receive instructions for surrendering your Stephan stock certificates and a letter of transmittal to be used for this purpose. You should not submit your stock certificates for exchange until you have received the instructions and the letter of transmittal.

Sincerely,

Frank F. Ferola

Chairman of the Board and

Chief Executive Officer

This proxy statement is dated _____, 2003 and was first mailed to Stephan stockholders on or about _____, 2003.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT OR ANY DOCUMENT ATTACHED HERETO. ANY REPRESENTATIONS TO THE CONTRARY ARE UNLAWFUL.

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THE STEPHAN CO.

1850 West McNab Road

Fort Lauderdale, FL 33309

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON _____, 2003

To Our Stockholders:

A special meeting of the stockholders of The Stephan Co. will be held on _____, 2003, at _____, local time, at the corporate offices of Stephan at 1850 West McNab Road, Fort Lauderdale, Florida 33309, for the following purposes:

1. To consider and vote upon a proposal to adopt and approve the Amended and Restated Agreement and Plan of Merger, dated as of October 24, 2003, by and among Eastchester Enterprises, Inc., a Florida corporation, Gunhill Enterprises, Inc., a Florida corporation and a wholly-owned subsidiary of Eastchester, and Stephan. Under the terms of the merger agreement, upon the adoption and approval of the merger agreement by holders of Stephan common stock and the completion of the merger: (i) Gunhill Enterprises, Inc. will merge into Stephan, with Stephan continuing as the surviving corporation and (ii) each outstanding share of Stephan common stock will be canceled and converted into the right to receive: (A) \$3.25 in cash and (B) a promissory note issued by Stephan (as the surviving corporation) in the principal amount of \$1.25 times the number of shares owned by our stockholders, except for shares of Stephan common stock held by Eastchester, Frank F. Ferola (our Chairman and Chief Executive Officer), Thomas M. D. Ambrosio, Shouky A. Shaheen and John DePinto. A copy of the merger agreement is attached to the proxy statement as Appendix A; and
2. To vote to adjourn the meeting, if necessary.

We have specified _____, 2003, at the close of business, as the record date for the purpose of determining the Stephan common stockholders who are entitled to receive notice of and to vote at the special meeting. A list of the Stephan common stockholders entitled to vote at the special meeting will be available for examination by any stockholder at the special meeting. For ten days prior to the special meeting, this stockholder list will also be available for inspection by stockholders at our corporate offices at 1850 West McNab Road, Fort Lauderdale, Florida 33309, during ordinary business hours.

For a more complete statement regarding the matters to be acted upon at the special meeting, please read the proxy statement and the other materials concerning Stephan and the merger, which are mailed with this notice.

The adoption and approval of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Stephan common stock held by stockholders of record on the record date. The acquisition group owned, as of the record date, an aggregate of 1,150,606 shares of

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Stephan common stock, constituting approximately 26.1% of the outstanding shares of Stephan common stock entitled to vote at the special meeting. The acquisition group has indicated to our board of directors its intention to vote in favor of adopting and

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approving the merger agreement.

Acting upon the unanimous recommendation of a special committee of our board of directors, comprised solely of directors who are not officers or employees of Stephan, our board of directors has unanimously determined that the consideration to be received in the merger by the unaffiliated shareholders of Stephan is, from a financial point of view, fair to such stockholders. Our board of directors unanimously recommends that you vote FOR adoption and approval of the merger agreement.

Your vote is important. Whether or not you plan to attend the special meeting and regardless of the number of shares of Stephan common stock that you own, please complete, sign and date the accompanying proxy card and return it in the enclosed prepaid envelope. Failure to return a properly executed proxy card or vote at the special meeting will have the same effect as a vote against the merger and the merger agreement.

Your proxy is revocable and will not affect your right to vote in person if you decide to attend the special meeting. Simply attending the special meeting, however, will not revoke your proxy. For an explanation of the procedures for revoking your proxy, see page 12 setting forth the sections of the proxy statement captioned Special Meeting Voting and Revocation and Special Meeting Solicitation of Proxies. Returning your proxy card without indicating how you want to vote will have the same effect as a vote FOR the adoption and approval of the merger agreement.

The merger is described in the enclosed proxy statement, which you are urged to read carefully. In addition, you may obtain information about Stephan from documents that Stephan has filed with the Securities and Exchange Commission, including the Schedule 13E-3 transaction statement filed in connection with the merger.

By Order of the Board of Directors,

Frank F. Ferola

Chairman of the Board and

Chief Executive Officer

Ft. Lauderdale, Florida

_____, 2003

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