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JLM COUTURE INC  
Form DEF 14A  
February 28, 2005

SCHEDULE 14A INFORMATION

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

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 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):

[X] No fee required.

JLM COUTURE, INC.  
525 Seventh Avenue, Suite 1703  
New York, NY 10018

Notice of 2005 Annual Meeting of Shareholders  
to be held on [ ], 2005

To the Shareholders of  
JLM COUTURE, INC.:

NOTICE IS HEREBY GIVEN that the 2005 Annual Meeting of Shareholders (the "Meeting") of JLM COUTURE, INC. (the "Company") will be held on [ ], 2005 at 11:00 A.M. at the offices of Kalin Levine Weinberg LLC, located at 494 Eighth

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Avenue, Suite 800, New York, NY 10001, to consider and vote on the following matters described under the corresponding numbers in the attached Proxy Statement:

1. To elect one Class I Director to hold office for three years and until the 2008 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 registered public accounting firm for its fiscal year ending October 31, 2005; and

3. To transact such other business as may properly come before the Meeting.

The Board of Directors has fixed [ ], 2005, 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 [ ], 2005 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

Mark Murphy, Secretary

Date: [ ], 2005

Requests for additional copies of proxy material and the Company's Annual Report for its fiscal year ended October 31, 2004 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 FOR THE 2005 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON [ ], 2005

The enclosed proxy is solicited by the management of JLM Couture, Inc. (the "Company") in connection with the 2005 Annual Meeting of Shareholders (the "Meeting") to be held on [ ], 2005 at 11:00 A.M. at the offices of Kalin Levine Weinberg

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LLC, located at 494 Eighth Avenue, Suite 800, New York, NY 10001 and any adjournment thereof. The Board of Directors (the "Board") has set [ ], 2005 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 I Director to hold office for three years and until the 2008 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 registered public accounting firm for its fiscal year ending October 31, 2005; 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, 2004 ("Fiscal 2004") (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 1,962,644 shares of Common Stock (the "Common Stock") outstanding at the close of business on [ ], 2005 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 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

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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 [ ], 2005. The mailing address of the Company's principal executive offices is 525 Seventh Avenue, Suite 1703, New York, NY 10018.

### PROPOSAL 1

#### ELECTION OF ONE CLASS I DIRECTOR

The Company's By-laws require the Company to have five or fewer 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 I, whose term expires at the Meeting, consists of Joseph E. O'Grady; Class II, whose term expires in 2006, consists of Daniel M. Sullivan and Keith Cannon; and Class III, whose term expires in 2007 consists of Joseph L. Murphy. At the Meeting, one director will be elected to fill the term of the Class I director. Mr. O'Grady, who is running for reelection, is the nominee for election at the Meeting. If elected, Mr. O'Grady will serve for a term expiring at the 2008 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. O'Grady as a Class I Director unless indication is made on your proxy card that your vote should be withheld from the nominee.

The Board of Directors unanimously recommends a vote FOR the election of this nominee as a 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 2008:

Name	Age	Position with the Company	Director Since
----	---	-----	-----
Joseph L. Murphy	51	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 of Mark Murphy, the Company's Vice President-Operations and Secretary.

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### Directors Whose Terms Continue After the Meeting:

Name -----	Age ---	Position with the Company -----	Director Since -----
Joseph E. O'Grady	84	Director	February 1991
Daniel M. Sullivan	81	Chairman of the Board of Directors	September 1986
Keith Cannon	65	Director	October 2003

Joseph E. O'Grady was elected to the Board of Directors in February 1991. For more than the past five years, Mr. O'Grady has been President of JOG Associates, Inc., a privately-held financial consulting firm. 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 (and for the past ten years has been) a registered representative for Wilson-Davis & Co., Inc., a broker-dealer based in Salt Lake City, Utah. Mr. Cannon also serves as a member of the Board of Directors and Audit Committee of Elamex S.A. de C.V. (ELAM), and Montgomery Realty Group, Inc. (MGRY). He has been engaged in the investment business for the past 36 years in various capacities.

### Meetings of the Board of Directors and Board Member Attendance.

During Fiscal 2004, the Board met informally. It acted two times by unanimous written consent. The Company expects that all of its Board Members attend the Company's annual meeting. All of the Company's directors attended last year's annual meeting of shareholders.

### OTHER EXECUTIVE OFFICERS

Name -----	Age ---	Position with the Company -----	Position Held Since -----
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Mark Murphy	41	Vice President- Operations and Secretary	May 1993
Jerrold Walkenfeld	48	Principal Accounting Officer	June 2002

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. 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. 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 with 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 2004, such forms have been timely filed with the SEC.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Company has an Audit Committee. The Board of Directors does not have a Compensation Committee or a Nominating Committee and performs the functions of a Compensation Committee and a Nominating Committee itself.

### DIRECTOR CANDIDATES

The process followed by the Board of Directors to identify and evaluate director candidates includes requests to Board of Director members and others for recommendations, meetings from time to time by the Board of Directors to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by the Board of Directors.

In considering whether to recommend any particular candidate for inclusion in the Board of Directors slate of recommended director nominees, the Board of Directors applies criteria such as the candidate's integrity, business acumen, knowledge of the Company's business and industry, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. The Board of Directors does not assign specific

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weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The Company believes that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities.

Stockholders may recommend individuals to the Board of Directors for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's Common Stock for at least a year as of the date such recommendation is made, to JLM Couture, Inc., Shareholder Relations, c/o Corporate Secretary, 525 Seventh Avenue, Suite 1703, New York, NY 10018. Assuming that appropriate biographical and background material has been provided on a timely basis, the Board of Directors will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

### CODE OF CONDUCT AND ETHICS

The Company has adopted a Code of Conduct and Ethics applicable to its directors, officers and employees including its principal executive, principal financial officer, principal accounting officer or controller or persons performing similar functions. A copy of the Company's Code of Conduct and Ethics is available on its website [www.jlmcouture.com](http://www.jlmcouture.com). The Company intends to post amendments to or waivers from its Code of Conduct and Ethics (to the extent applicable to its Chief Executive Officer, Chief Financial Officer or principal accounting officer) on its website. The Company's website is not part of this proxy statement.

### AUDIT COMMITTEE

The primary functions of the Audit Committee of the Company (the "Audit Committee") are to select or to recommend to the Board of Directors the selection of outside auditors; to monitor the Company's relationships with the Company's outside auditors and their interaction with the Company's management in order to ensure their independence and objectivity; to review, and to assess the scope and quality of the Company's outside auditors' services, including the audit of the Company's annual financial statements; to review the Company's financial management and accounting procedures; to review the Company's financial statements with the Company's management and outside auditors; and to monitor management's compliance with applicable legal requirements and ethical standards.

Messrs. Sullivan, O'Grady and Cannon are the current members of the Audit Committee and are each "independent," as that term is defined under the applicable NASDAQ Stock Market, Inc. Marketplace Rules. During Fiscal 2004, the Audit Committee met four times. The Board of Directors has determined that Mr. Joseph E. O'Grady is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K. The Board of Directors

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has adopted a written charter for the Audit Committee, a copy of which is filed as Appendix A to the Company's Proxy Statement for its fiscal year ended October 31, 2002. A copy of such charter is also available on the Company's website, [www.jlmcouture.com](http://www.jlmcouture.com).

### SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders interested in communicating with the Board of Directors may do so by writing to any or all directors, care of the Company's Chief Financial Officer, at the Company's principal executive offices. The Company's Chief Financial Officer will log in all shareholder correspondence and forward to the director addressee(s) all communications that, in his judgment, are appropriate for consideration by the directors. Any director may review the correspondence log and request copies of any correspondence. Examples of communications that would be considered inappropriate for consideration by the directors include, but are not limited to, commercial solicitations, trivial, obscene, or profane items, administrative matters, ordinary business matters, or personal grievances. Correspondence that is not appropriate for Board of Director review will be handled by the Company's Chief Financial Officer. All appropriate matters pertaining to accounting or internal controls will be brought promptly to the attention of the Company's Audit Committee Chair.

### AUDIT COMMITTEE REPORT

The Audit Committee consists of three members all of whom meet the independence and experience requirements of the applicable NASDAQ Marketplace Rules. The Audit Committee's responsibilities are as described in a written charter adopted by the Board, which was previously attached as Appendix A to the Company's Proxy Statement for Fiscal 2002.

The Audit Committee has reviewed and discussed the Company's audited financial statements for Fiscal 2004 with management and with the Company's independent registered public accounting firm, 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 2004 be included in the Company's Annual Report on Form 10-K for Fiscal 2004 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 COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES



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Before the independent public accounting firm is engaged by the Company to render audit or non-audit services, the engagement is approved by the Audit Committee.

### EXECUTIVE COMPENSATION

The following table sets forth the compensation the Company paid for its fiscal years ended October 31, 2004, 2003 and 2002 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	2004	325,000	30,284	-	81,238 (2)
	2003	325,000	70,132	200,000 (1)	38,327
	2002	325,000	202,807	100,000	37,009
Mark Murphy, Vice President Operations	2004	104,000	6,088	-	-
	2003	103,308	6,088	-	-
	2002	97,243	5,000	12,000	-
Jerrold Walkenfeld, Principal Accounting Officer	2004	116,550	4,059	-	-
	2003	109,975	7,331	-	-
	2002	90,921	13,920	-	-