

JOE'S JEANS INC.
Form S-4
November 03, 2015

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As filed with the Securities and Exchange Commission on November 3, 2015

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

JOE'S JEANS INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2300
(Primary Standard Industrial
Classification Code Number)
2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700
(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

11-2928178
(I.R.S. Employer
Identification Number)

Samuel J. Furrow
Interim Chief Executive Officer
Joe's Jeans Inc.
2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Copies to:
Russell W. Parks Jr.
Erica D. McGrady
Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
(202) 887-4000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed transaction described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Common stock, par value \$0.10 per share	8,870,968 (1)	N/A	\$0(2)	\$0
TOTAL				\$0

(1) Relates to common stock, \$0.10 par value per share, of Joe's Jeans, Inc., a Delaware corporation (the "**Company**"), issuable to holders of equity interests of RG Parent LLC, a Delaware limited liability company ("**RG**"), in connection with the proposed merger of JJ Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, with and into RG with RG as the surviving entity. The amount of the Company's common stock to be registered is based on the number of shares of the Company's common stock that are expected to be issued to RG equity holders pursuant to the merger as described herein, after taking into account the effect of the proposed reverse stock split as described herein.

(2)

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Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(f) of the Securities Act based upon \$47,544,477, the estimated aggregate book value of the RG equity interests to be exchanged in the merger, computed on September 30, 2015, the latest practicable date prior to the filing of this registration statement. RG is a private company and no market exists for its equity interests. As required by Rule 457(f)(3) of the Securities Act, the estimated amount of cash consideration to be paid by the Company in connection with the merger, or \$81 million, has been deducted from the proposed maximum aggregate offering price. As this results in a negative number, the proposed aggregate offering price has been estimated at \$0.

(3)

Determined in accordance with Section 6(b) of the Securities Act by multiplying the proposed maximum aggregate offering price by 0.0001007.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further Amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy and consent solicitation statement/prospectus is not complete and may be changed. These securities may not be sold nor may offers to buy be accepted until the registration statement filed with the Securities and Exchange Commission, of which this joint proxy and consent solicitation statement/prospectus is a part, is declared effective. This joint proxy and consent solicitation statement/prospectus is not an offer to sell and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**PRELIMINARY JOINT PROXY AND CONSENT SOLICITATION STATEMENT/PROSPECTUS
SUBJECT TO COMPLETION, DATED NOVEMBER 3, 2015**

2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700
[•], 2015

To the Stockholders of Joe's Jeans Inc. and Equity Holders of RG Parent LLC:

On behalf of the Board of Directors of Joe's Jeans Inc., which we refer to as the Company, and the Board of Managers of RG Parent LLC, which we refer to as RG or Robert Graham, we are pleased to deliver to you this joint proxy and consent solicitation statement/prospectus relating to, among other matters, a proposed merger transaction, described below, which is part of a series of transactions pursuant to which the Company intends to combine its Hudson® brand and business with the Robert Graham® premium lifestyle apparel brand and business.

If you are a stockholder of the Company, you are cordially invited to attend the 2015 Annual Meeting of Stockholders of the Company, which will be held at the [•], on [•], 2015. The 2015 Annual Meeting of Stockholders will begin promptly at [•]. At the annual meeting, the Company's stockholders will be asked to vote on the proposed issuance and sale by the Company of its shares of common stock in connection with the proposed merger transaction involving RG and an amendment to the Company's certificate of incorporation to effect a one-for-thirty reverse stock split, each as described below. In addition, at the annual meeting the Company's stockholders will be asked to elect directors, approve, on an advisory basis, the executive compensation of its named executive officers in connection with the merger and to ratify the appointment of our auditors. Information about this meeting and the merger is contained in the attached document, which we refer to as a joint proxy and consent solicitation statement/prospectus.

On September 8, 2015 the Company and RG entered into an agreement and plan of merger, which we refer to as the Merger Agreement, pursuant to which the Company intends to acquire all the outstanding equity interests of RG in exchange for cash and the issuance of the Company's common stock. JJ Merger Sub LLC, a wholly-owned subsidiary of the Company, will merge with and into RG, so that RG, as the surviving entity, will become a wholly-owned subsidiary of the Company, which transaction we refer to as the Merger. In the Merger, each membership interest in RG will be converted into the right to receive cash and shares of the Company's common stock. RG is a portfolio company of Tengram Capital Partners, L.P. and its principal business activity involves the design, development and marketing of luxury lifestyle brand apparel products that bear the brand Robert Graham®.

Consummation of the Merger is subject to a number of conditions described in this joint proxy and consent solicitation statement/prospectus, including, among others, approval of the Merger Agreement by RG's equity holders and the approval by the Company's stockholders of (1) the issuance of up to 14,505,449 shares of the Company's common stock (after giving effect to the reverse stock split described below) consisting of (a) 8,870,968 shares of the Company's common stock issuable to holders of membership interests in RG pursuant to the Merger Agreement, (b) 1,154,194 shares of the Company's common stock issuable to holders of the Company's Convertible Notes pursuant to the Rollover Agreement as described herein and (c) 4,480,287 shares of the Company's common stock issuable upon the conversion of the Series A Convertible Preferred Stock being issued pursuant to the Stock Purchase Agreement in connection with the Merger as described herein; and (2) an amendment to our certificate of incorporation to effect a one-for-thirty reverse stock split of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of our common stock. For a description of the conditions for the Merger, see the section entitled "*Summary of Merger Agreement Conditions to the Merger*" in this joint proxy and consent solicitation statement/prospectus.

If you are a holder of equity interests in RG, you are urged to complete, date and sign the enclosed written consent and promptly return it to RG. See the section entitled "*Solicitation of Written Consents From RG's Equity Holders*" beginning on page 52.

After careful consideration, the Company's Board of Directors and RG's Board of Managers have approved the Merger Agreement and the Company's Board of Directors has determined that it is advisable to enter into the Merger. The Company's Board of Directors has approved the respective proposals referred to above and recommends that the Company's stockholders vote "**FOR**" the proposals listed in this joint proxy and consent solicitation statement/prospectus by executing and returning the enclosed proxy card, voting by telephone or Internet or voting in person at the 2015 Annual Meeting of Stockholders. As more fully described in this joint proxy and consent solicitation statement/prospectus, if certain proposals are not approved, we will not be able to complete the Merger. We encourage you to read this entire joint proxy and consent solicitation statement/prospectus carefully, as well as the appendices and information included therewith.

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The Company's common stock is quoted on The NASDAQ Capital Market under the symbol "JOEZ." RG is a privately held company and there is no public market for its membership interests.

FOR A DISCUSSION OF THE RISKS RELATING TO THE MERGER AND AN INVESTMENT IN THE COMPANY'S COMMON STOCK, SEE "RISK FACTORS" BEGINNING ON PAGE 29.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the transactions described in this joint proxy and consent solicitation statement/prospectus or the securities to be issued pursuant to such transactions or determined that this joint proxy and consent solicitation statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

On behalf of the Board of Directors of the Company and the Board of Managers of RG, we thank you for your support and continued interest in our companies.

Sincerely,

Samuel J. Furrow
*INTERIM CHIEF EXECUTIVE OFFICER AND
CHAIRMAN OF THE BOARD OF DIRECTORS*
JOE'S JEANS INC.

William Sweedler
CHAIRMAN OF THE BOARD OF MANAGERS
RG PARENT LLC

This joint proxy and consent solicitation statement/prospectus is first being mailed on or about [•], 2015 to the Company's common stockholders and RG's equity holders.

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JOE'S JEANS INC.

2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON [•], 2015

Time and Date

[•] on [•], 2015

Place

[•]

Items of Business

(1) *Share Issuance Proposal* To approve, under applicable NASDAQ Listing Rules, the issuance of common stock pursuant to the Merger Agreement and the Rollover Agreement, and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger;

(2) *Reverse Stock Split Proposal* To approve an amendment to our Seventh Amended and Restated Certificate of Incorporation to effect a reverse stock split of the Company's issued and outstanding common stock such that each thirty shares of the Company's issued and outstanding common stock is reclassified into one share of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of the Company's common stock;

(3) *Director Election Proposal* To elect the five director nominees named in the attached joint proxy and consent solicitation statement/prospectus to serve on the Board of Directors until the 2016 Annual Meeting of Stockholders or until their respective successors are elected and qualified; provided, however, that if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus;

(4) *Golden Parachute Say on Pay Proposal* To approve, by non-binding, advisory vote, compensation that the Company's named executive officers may receive in connection with the Merger pursuant to existing agreements or arrangements with the Company;

(5) *Auditor Ratification Proposal* To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2015; and

(6) To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Record Date

You can vote if, at the close of business on [•], 2015, you were a holder of record of our common stock.

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Proxy Voting

All stockholders are cordially invited to attend the annual meeting in person. However, to ensure your representation at the annual meeting, you are urged to vote promptly by signing and returning the enclosed proxy card or by telephone or Internet, or if you hold your shares in street name using the voting instruction form provided by your broker, bank or nominee, or by accessing the website or toll-free number indicated on the voting instructions accompanying your proxy card to vote via the Internet or phone.

Board of Directors Recommendation

The Board of Directors has approved the foregoing proposals and recommends that you vote:

"FOR" the Share Issuance Proposal;

"FOR" the Reverse Stock Split Proposal;

"FOR" each of the directors named in the Director Election Proposal;

"FOR" Golden Parachute Say on Pay Proposal; and

"FOR" the Auditor Ratification Proposal.

You are requested to complete, date and sign the enclosed proxy card and promptly return it in the enclosed envelope or vote by telephone or Internet, whether or not you plan to attend the annual meeting. If you attend the meeting, you may vote in person even if you have previously submitted a proxy card. **Regardless of the number of shares you own or whether you plan to attend the annual meeting, it is important that your shares be represented and voted.** If you hold your shares in "street name" (that is, through a broker, bank or other nominee), please complete, date and sign the voting instruction form that has been provided to you by your broker, bank or other nominee and promptly return it in the enclosed envelope or review the instructions in the materials forwarded by your broker, bank or other nominee regarding the option to vote on the Internet or by telephone. If you hold your shares directly and plan to attend the meeting in person, please remember to bring a form of personal identification with you and, if you are acting as a proxy for another stockholder, please bring written confirmation from the record owner that you are acting as a proxy. If you hold your shares in "street name" and plan to attend the meeting in person, please remember to bring a form of personal identification with you and proof of beneficial ownership.

Pursuant to the rules promulgated by the Securities and Exchange Commission, or SEC, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet.

All share information set forth herein, unless otherwise noted, is after giving effect to the reverse stock split as described herein.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on [•], 2015. This joint proxy and consent solicitation statement/prospectus, our 2014 Annual Report, and the accompanying financial statements are available free of charge at <http://www.joesjeans.com/2015proxy>.

By Order of the Board of Directors,

Samuel J. Furrow
*Interim Chief Executive Officer and
Chairman of the Board of Directors*
Commerce, California
[•], 2015

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RG PARENT LLC

**264 West 40th Street, 10th Floor
New York, NY 10018
(855) 214-3350**

NOTICE OF SOLICITATION OF WRITTEN CONSENTS

To Equity Holders of RG Parent LLC:

This joint proxy and consent solicitation statement/prospectus is being delivered to you on behalf of the RG Board of Managers to request that holders of RG's equity interests execute and return written consents to approve the Merger Agreement.

This joint proxy and consent solicitation statement/prospectus describes the proposed Merger and the actions to be taken in connection with the Merger and provides additional information about the parties involved. Please give this information your careful attention. A copy of the Merger Agreement is attached as Appendix A to this joint proxy and consent solicitation statement/prospectus.

RG's Board of Managers has considered the Merger and the terms of the Merger Agreement and has determined that the Merger and the Merger Agreement are arms' length transactions and are in the best interests of RG and its members.

Please complete, date and sign the written consent furnished with this consent solicitation statement/prospectus and return it promptly to RG by one of the means described in the section entitled "*Solicitation of Written Consents From RG's Equity Holders*" beginning on page 52 of this joint proxy and consent solicitation statement/prospectus.

By Order of the Board of Managers,

William Sweedler
Chairman of the Board of Managers
New York, New York
[•], 2015

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ADDITIONAL INFORMATION

This joint proxy and consent solicitation statement/prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this joint proxy and consent solicitation statement/prospectus. You may request this information, which includes copies of our annual, quarterly, and current reports, proxy statements, and other information, from us, without charge, excluding all exhibits, unless we have specifically incorporated by reference an exhibit or appendix attached to this joint proxy and consent solicitation statement/prospectus. Our stockholders and holders of membership interests in RG may obtain documents incorporated by reference in this joint proxy and consent solicitation statement/prospectus by requesting them from us in writing or by telephone at the following address or telephone number:

Joe's Jeans Inc.
Attention: Corporate Secretary
2340 South Eastern Avenue
Commerce, California 90040
(323) 837-3700

To obtain timely delivery, any request for information should be made no later than [•], 2015.

In addition, we provide copies of our Forms 8-K, 10-K, 10-Q, Proxy Statement, and Annual Report at no charge to investors upon request and we make electronic copies of our most recently filed reports available through the investor relations section of our website at www.joesjeans.com as soon as reasonably practicable after filing such material with the SEC.

For a more detailed description of the information incorporated by reference into this joint proxy and consent solicitation statement/prospectus and how you may obtain it, see the section entitled "*Where You Can Find More Information*".

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ABOUT THIS JOINT PROXY AND CONSENT SOLICITATION STATEMENT/PROSPECTUS

This document forms a part of a Registration Statement on Form S-4 filed by the Company with the Securities and Exchange Commission (the "**SEC**"). This document constitutes a prospectus of the Company under Section 5 of the Securities Act of 1933, as amended (the "**Securities Act**"), with respect to the shares of the Company's common stock to be issued to RG equity holders pursuant to the Merger Agreement. In addition, this document constitutes a notice of meeting with respect to the Company's annual meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and a consent solicitation statement of RG with respect to the approval of the Merger Agreement.

The Company and RG have not authorized anyone to give any information or make any statement about the transaction that is different from, or in addition to, that contained in this joint proxy and consent solicitation statement/prospectus or in any of the materials that the Company has attached as an appendix and incorporated by reference into this joint proxy and consent solicitation statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this joint proxy and consent solicitation statement/prospectus speaks only as of the date of this joint proxy and consent solicitation statement/prospectus unless the information specifically indicates that another date applies.

Holders of the Company's common stock who have questions about the annual meeting or how to vote or revoke their proxy please contact:

[Insert Proxy Solicitor Contact info].

Holders of RG's equity interests who have questions about the Merger or how to give their written consent please contact:

**Robert Graham
C/O Investor Relations
264 West 40th Street, 10th Floor
New York, NY 10018
(212) 869-8001**

If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy and consent solicitation statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy and consent solicitation statement/prospectus does not extend to you.

As used in this joint proxy and consent solicitation statement/prospectus, the terms "we," "us," "our," and "the Company" refer to Joe's Jeans Inc. and our subsidiaries and affiliates, and the terms "RG" and "Robert Graham" refer to RG Parent LLC, a Delaware limited liability company, in each case unless the context indicates otherwise.

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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING, THE CONSENT SOLICITATION,
THE MERGER AND RELATED TRANSACTIONS**

Although we encourage you to read the joint proxy and consent solicitation statement/prospectus in its entirety, we include these "Questions and Answers" to provide background information and brief answers to several questions that you may have about this proxy and consent materials and prospectus in general.

Questions and Answers about the Merger and Related Transactions for both the Stockholders of the Company and Equity Holders of RG

Q: Why am I receiving this joint proxy and consent solicitation statement/prospectus?

A: This document serves as a proxy statement for stockholders of the Company, consent solicitation for the equity holders of RG and prospectus with respect to the Company's common stock.

The Company and RG have agreed to a merger transaction (the "**Merger**") in which RG will become a wholly-owned subsidiary of the Company and, upon consummation of the Merger, the RG equity holders, the holders of Convertible Notes (as defined below) and certain other third parties that will provide financing for the Merger will own, in the aggregate, approximately 86% of the issued and outstanding common stock of the Company and the existing stockholders of the Company will own, in the aggregate, approximately 14% of the issued and outstanding common stock of the Company. The terms of the Merger are set forth in an agreement and plan of merger, dated September 8, 2015 (as amended and restated effective as of September 8, 2015, the "**Merger Agreement**"). The Merger Agreement is attached to this joint proxy and consent solicitation statement/prospectus as Appendix A. You are encouraged to read this joint proxy and consent solicitation statement/prospectus, including all appendices hereto. In order to complete the Merger, among other things:

the Company's stockholders must approve the following proposals, each of which is discussed in this joint proxy and consent solicitation statement/prospectus:

the Share Issuance Proposal (as defined below); and

the Reverse Stock Split Proposal (as defined below); and

The equity holders of RG, which is controlled by Tengram Capital Partners, L.P. ("**TCP**"), must provide their written consent to approve the Merger Agreement;

the SEC must declare the effectiveness of the Registration Statement on Form S-4 of which this joint proxy and consent solicitation statement/prospectus is a part and The NASDAQ Capital Market must approve the listing of the Company's common stock upon consummation of the Merger; and

each of the Merger Transactions (as defined below) and certain ancillary transactions (including entering into the debt financing described herein) must be completed either prior to or simultaneously with the completion of the Merger. The Board of Directors of the Company (the "**Board of Directors**" or the "**Board**") is also providing these proxy materials to the Company's stockholders in connection with our annual meeting of stockholders, which will take place on [•], 2015. Our common stockholders are invited to attend the annual meeting and are entitled to and requested to vote on the proposals described in this joint proxy and consent solicitation statement/prospectus.

The Board of Managers of RG (the "**Board of Managers**" or the "**RG Board**") is also providing these consent materials to the equity holders of RG in connection with RG's solicitation of the written consent of such equity holders. These consent solicitation materials

also constitute a

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prospectus with respect to the shares of the Company's common stock to be issued to the equity holders of RG in connection with the Merger.

Q: What will happen in the Merger?

A: At the closing of the Merger, JJ Merger Sub LLC ("**Merger Sub**") will merge with and into RG, with RG surviving the Merger as a wholly-owned subsidiary of the Company. RG equity holders will exchange their membership interests for cash and common stock of the Company at the closing, as described herein. As a result of the Merger, the Company will own all of the issued and outstanding membership interests of RG.

Q: What voting power will current stockholders of the Company, former RG equity holders and other persons hold in the Company after the closing of the Merger?

A: It is anticipated that, upon the closing of the Merger, on a fully diluted basis, the former RG equity holders will own approximately 47.5%, the preferred stock holders will own approximately 24.0%, the holders of the Company's convertible notes (the "**Convertible Notes**") will own (assuming full conversion of the Modified Convertible Notes into Company common stock) approximately 14.1%, and the current stockholders, which includes management equity holders, of the Company will own approximately 14.3% of the outstanding voting power of the Company.

Q: What debt obligations does the Company expect to have following the consummation of the Merger?

A: In connection with the Merger Transactions (as defined below), we expect that the Company will enter into new financing arrangements pursuant to which it will have approximately \$20 million of indebtedness outstanding under a new asset-based revolving credit facility (the "**New Revolving Credit Facility**") and \$50 million of indebtedness outstanding under a new term loan credit facility (the "**New Term Credit Facility**" and, together with the New Revolving Credit Facility, the "**New Credit Agreements**"), the proceeds of which will be used, among other things, to repay (i) the Company's remaining indebtedness outstanding under the amended and restated revolving credit agreement, dated September 11, 2015 (the "**Amended and Restated Revolving Credit Agreement**"), with CIT Commercial Services, Inc. ("**CIT**"), a unit of CIT Group, and certain indebtedness owed to the holders of the Convertible Notes and Joseph M. Dahan and (ii) RG's remaining indebtedness outstanding under the revolving credit agreement with JP Morgan Chase Bank, N.A.

Q: Is the Merger the first step in a "going private" transaction?

A: No. The primary purpose of the Merger is to merge the Hudson business with the Robert Graham business and provide RG with access to the U.S. public markets.

Q: What conditions must be satisfied to complete the Merger?

A: There are a number of closing conditions in the Merger Agreement, including that RG's equity holders have approved the Merger Agreement and the Company's stockholders have approved and adopted the Share Issuance Proposal (as defined below) and the Reverse Stock Split Proposal (as defined below) and completion of certain debt and equity financing transactions. For a summary of the conditions that must be satisfied or waived prior to completion of the Merger, see the section entitled "**Summary of Merger Agreement Conditions to the Merger.**"

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Q: What are the material U.S. federal income tax consequences of the Merger to the Company, Merger Sub, RG and the Company's stockholders?

A: None of the Company, Merger Sub or RG will recognize gain or loss as a result of the Merger. Holders of the Company's common stock will not recognize gain or loss as a result of the Merger to the extent such stockholders do not exchange any of the securities they own pursuant to the Merger. See "*Material U.S. Federal Income Tax Consequences.*"

Q: What are the material U.S. federal income tax consequences of the Merger to RG's equity holders?

A: RG's membership interests consist of (i) preferred units; (ii) voting common units; and (iii) non-voting common units (collectively, the "**RG Units**"). If, pursuant to the Merger, a U.S. holder exchanges its RG Units for the Company's common stock, then, subject to the discussion set forth in "*Material U.S. Federal Income Tax Consequences,*" such U.S. holder generally will recognize gain (but not in excess of the cash received plus the excess, if any, of the amount of liabilities of RG allocable to the U.S. holder's RG Units over the U.S. holder's adjusted tax basis in such RG Units), if it is an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended (the "**Code**").

Q: When is the Merger expected to be completed?

A: It is currently anticipated that the Merger will be consummated promptly following the annual meeting of the Company's stockholders, provided that all other conditions to the consummation of the Merger have been satisfied or waived. For a description of the conditions to the completion of the Merger, see the section entitled "*Summary of Merger Agreement Conditions to the Merger.*"

Q: What are the Merger Transactions?

A: In connection with the Merger, we entered into the following definitive agreements, which taken together with the Merger will result in transformative transactions that we believe will resolve the Company's financial, operational and management issues (collectively, the "**Merger Transactions**"):

An asset purchase agreement, dated as of September 8, 2015, by and among us, Joe's Holdings LLC, a Delaware limited liability company (the "**IP Assets Purchaser**"), and solely for the purpose of its related guarantee, Sequential Brands Group, Inc., a Delaware corporation (the "**IP Asset Purchase Agreement**"), pursuant to which, on September 11, 2015, the IP Assets Purchaser purchased from us for an aggregate purchase price of \$67 million certain intellectual property assets used or held for use in our business operated under the brand names "Joe's Jeans," "Joe's," "Joe's JD" and "else" (the "**Joe's Business**").

An asset purchase agreement, dated as of September 8, 2015, by and between us and GBG USA Inc., a Delaware corporation ("**Operating Assets Purchaser**") (the "**Operating Asset Purchase Agreement**" and together with the IP Asset Purchase Agreement the "**Asset Purchase Agreements**"), pursuant to which, on September 11, 2015, the Operating Assets Purchaser purchased from us for an aggregate purchase price of \$13 million certain inventory and other assets and assumed certain liabilities of ours and our subsidiaries related to the Joe's Business, including certain liabilities relating to certain employees of the Joe's Business and, at a later date, specified Joe's store leases.

A stock purchase agreement, dated as of September 8, 2015 (the "**Stock Purchase Agreement**"), by and between us and TCP Denim, LLC, a Delaware limited liability company and affiliate of TCP, which is a controlling member of RG (the "**Series A Purchaser**"), pursuant to which we will issue and sell to the Series A Purchaser immediately prior to the consummation of the Merger an aggregate of fifty thousand (50,000) shares of our preferred stock, par value \$0.01 per share,

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designated as "Series A Convertible Preferred Stock" (the "*Series A Convertible Preferred Stock*"), representing approximately 24.0% of our common stock on an as converted, fully diluted basis after giving effect to the Merger and related Merger Transactions, for an aggregate purchase price of \$50 million in cash. For more information, see "*Ancillary Agreements Stock Purchase Agreement*."

A rollover agreement, dated as of September 8, 2015 (the "*Rollover Agreement*"), by and among us and the holders of our Convertible Notes, pursuant to which we will exchange \$34.2 million aggregate principal amount of our outstanding Convertible Notes, representing 100% of the outstanding principal amount of our Convertible Notes, together with all accrued and unpaid interest thereon, for a combination of approximately \$8.6 million in cash, shares of our common stock, \$0.10 par value per share (the "*common stock*") representing approximately 6.7% of our issued and outstanding common stock immediately after the Merger and related transactions and modified convertible notes in the aggregate principal amount of approximately \$16.5 million (the "*Modified Convertible Notes*"), which, immediately after giving effect to the Merger and related transactions, would give the holders of the Modified Convertible Notes ownership of 14.1% of the combined company on an as-converted, fully diluted basis. For more information, see "*Ancillary Agreements Rollover Agreement*."

Q: Why did the Company engage in the Asset Sale?

A: The Asset Sale (as defined below), which was the first step in completing the Merger and related Merger Transactions, allowed the Company to repay the term loan in full and repay a significant portion of the revolving credit facility with CIT and lowered the financing requirement for the Merger, which, in turn, increased the certainty of closing the Merger and decreased the leverage of the combined company on a go forward basis.

Q: When are the Merger Transactions expected to be completed?

A: The sale of the intellectual property and operating assets related to the Joe's Business (the "*Asset Sale*") pursuant to the Asset Purchase Agreements was completed on September 11, 2015. The sale of the Series A Convertible Preferred Stock pursuant to the Stock Purchase Agreement and the exchange of the Convertible Notes for cash, common stock and the Modified Convertible Notes are expected to be completed at or about the effective time of the Merger (the "*Effective Time*").

Q: What are the terms of the Series A Convertible Preferred Stock?

A: The following is a summary of the terms of the Series A Convertible Preferred Stock as set forth in the form of certificate of designation for the Series A Convertible Preferred Stock: (i) each share of Series A Convertible Preferred Stock entitles the holder thereof to receive cumulative cash dividends, payable quarterly, at an annual rate of 10%, plus accumulated and accrued dividends thereon through such date; additionally, if the Board declares or pays a dividend on the common stock, then each holder of the Series A Convertible Preferred Stock will be entitled to receive the same cash dividend on each share of common stock underlying the preferred stock; (ii) each holder of the Series A Convertible Preferred Stock is entitled to vote on an as converted basis together with the holders of common stock as a single class on all matters put to the stockholders for a vote; (iii) for so long as a to be determined percent of the shares of the Series A Convertible Preferred Stock remain outstanding, which percent will be the lowest percent allowed by NASDAQ, the holders of the Series A Convertible Preferred Stock, exclusively and as a separate class, will be entitled to elect three (3) members of the Board (the "*Series A Directors*"), and such Series A Directors may only be removed without cause by the affirmative vote of the holders of a majority of the shares of Series A Convertible Preferred Stock; (iv) the holders of the Series A Convertible Preferred Stock have separate class voting rights with respects to certain

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matters affecting their rights; (v) upon any liquidation event, holders of the Series A Convertible Preferred Stock are entitled to receive the greater of the liquidation preference on the date of determination and the amount that would be payable to the holders of the Series A Convertible Preferred Stock had such holders converted their shares of Series A Convertible Preferred Stock into shares of common stock immediately prior to such liquidation event; and (vi) each share of the Series A Convertible Preferred Stock is convertible, at the option of the holder thereof, at any time and without the payment of additional consideration by the holder, at an initial conversion price of \$11.10 (after taking into account the Reverse Stock Split (as defined below)), subject to adjustment under certain circumstances. For more information, see "*Ancillary Agreements Stock Purchase Agreement*."

Q: What assets have we retained after completing the Asset Sale?

A: After the completion of the Asset Sale, we continue to operate our business that remains under the Hudson® brand and will continue to operate certain retail stores under the Joe's® brand until the leases related to such stores are either transferred to the Operating Assets Purchaser or terminated.

Q: What information is contained in this joint proxy and consent solicitation statement/prospectus?

A: The information included in this joint proxy and consent solicitation statement/prospectus relates to the proposals to be voted on at the annual meeting, the voting process, information including compensation concerning our directors and our most highly paid executive officers, information regarding Robert Graham and the combined company (including pro forma financial information) and certain other required information.

Questions and Answers about the Annual Meeting for the Stockholders of the Company

Q: What proposals will be voted on at the annual meeting?

A: The proposals scheduled to be voted on at the annual meeting are:

(1) *Share Issuance Proposal* To approve, under applicable NASDAQ Listing Rules, the issuance of common stock pursuant to the Merger Agreement and the Rollover Agreement, and common stock issuable upon conversion of the Series A Convertible Preferred Stock being issued in connection with the Merger (the "*Share Issuance Proposal*");

(2) *Reverse Stock Split Proposal* To approve an amendment to our Seventh Amended and Restated Certificate of Incorporation (the "*Current Charter*") to effect a reverse stock split (the "*Reverse Stock Split*") of the Company's issued and outstanding common stock such that each thirty shares of the Company's issued and outstanding common stock is reclassified into one share of the Company's issued and outstanding common stock, which reverse stock split will not change the par value or the amount of authorized shares of the Company's common stock (the "*Reverse Stock Split Proposal*");

(3) *Director Election Proposal* To elect the five director nominees named in the attached joint proxy and consent solicitation statement/prospectus to serve on the Board of Directors until the 2016 Annual Meeting of Stockholders or until their respective successors are elected and qualified; provided, however, that if the Merger is completed the Board of Directors will be reconstituted as described in this joint proxy and consent solicitation statement/prospectus (the "*Director Election Proposal*");

(4) *Golden Parachute Say on Pay Proposal* To approve, by non-binding, advisory vote, compensation that the Company's named executive officers may receive in connection with the

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Merger pursuant to existing agreements or arrangements with the Company (the "*Golden Parachute Say on*