

GENERAL EMPLOYMENT ENTERPRISES INC
Form DEF 14A
January 27, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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 (Amendment No. _____)

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 under Rule 14a-12

GENERAL EMPLOYMENT ENTERPRISES, 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

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

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

GENERAL EMPLOYMENT ENTERPRISES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held Monday, February 20, 2012

To the Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of General Employment Enterprises, Inc. (the "Company") which will be held in the Conference Center of the Oakbrook Terrace Tower, First Floor, One Tower Lane, in Oakbrook Terrace, Illinois 60181, on Monday, February 20, 2012, at 11:00 a.m., local time. Directions to the meeting can be obtained by contacting the Company's Investor Relations Department at One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181, or by calling (630) 954-0400, ext. 20.

The purpose of the meeting is:

1. To elect five directors of the Company;
2. To adopt and approve the Company's 2011 Incentive Plan; and
3. To act upon such other matters as may properly be brought before the meeting.

Shareholders of record at the close of business on December 30, 2011 will be entitled to vote at the meeting. Whether or not you are able to attend the meeting in person, please vote as soon as possible. You may vote by signing the enclosed proxy card and mailing it in the envelope provided.

For more information about the matters being considered at this meeting, we ask that you read the Proxy Statement on the following pages. The Company's 2011 Annual Report to Shareholders is enclosed with the Proxy Statement.

By Order of the Board of Directors

Nancy C. Frohnmaier
Secretary

Oakbrook Terrace, Illinois
January 23, 2012

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on February 20, 2012. The Proxy Statement and the 2011 Annual Report to Shareholders are available at www.genp.com/ir.htm.

YOUR VOTE IS IMPORTANT

Even if you plan to attend the Annual Meeting, you are urged to sign, date and promptly return your proxy in the enclosed postage paid envelope so that your shares can be voted in accordance with your wishes. If you attend the meeting, you may vote your shares in person, even though you have previously signed and returned your proxy. If your shares are held in the name of a bank or brokerage firm, you should check the voting instructions of that firm.

GENERAL EMPLOYMENT ENTERPRISES, INC.

Oakbrook Terrace Tower
One Tower Lane, Suite 2200
Oakbrook Terrace, Illinois 60181

PROXY STATEMENT
FOR THE 2012 ANNUAL MEETING OF SHAREHOLDERS

This proxy statement and the accompanying proxy card, which are first being sent to shareholders on approximately January 28, 2012, are being furnished in connection with a solicitation of proxies by the Board of Directors of General Employment Enterprises, Inc. (the “Company”), an Illinois corporation, to be voted at the Annual Meeting of Shareholders (the “Annual Meeting”) to be held on Monday, February 20, 2012, at 11:00 a.m., local time, in the Conference Center of the Oakbrook Terrace Tower, First Floor, One Tower Lane, Oakbrook Terrace, Illinois 60181.

VOTING RIGHTS AND SOLICITATION

The voting securities of the Company entitled to be voted at the Annual Meeting are the shares of the Company’s common stock, no par value (“Common Stock”), of which there were 21,699,675 outstanding on December 30, 2011, the record date for the Annual Meeting. Shareholders are entitled to one vote for each share held except that, in the election of directors, each shareholder has cumulative voting rights. When voting cumulatively, each shareholder has the number of votes equal to the number of directors to be elected (five) multiplied by the number of his or her shares. Such number of votes may be divided equally among all nominees, may be cumulated for one nominee, or may be distributed on any basis among as many nominees as is desired.

Each proxy that is properly signed and received before the Annual Meeting will, unless such proxy has been revoked, be voted in accordance with the instructions on such proxy. If no instruction is indicated on the proxy card, the shares will be voted “FOR” the election of the five nominees for director listed in this proxy statement, and “FOR” the adoption and approval of the Company’s 2011 Incentive Plan. The persons authorized to vote shares represented by executed proxies in the enclosed form (if authority to vote for the election of directors is not withheld) will have full discretion and authority to vote cumulatively for the election of directors and to allocate votes among any or all of the listed nominees for director as they may determine or, if authority to vote for a specified candidate or candidates has been withheld, among those nominees for whom authority to vote has not been withheld. In any case, and notwithstanding the foregoing, the proxies may be voted for less than the entire number of nominees if any situation arises which, in the opinion of the proxy holders, makes such action necessary or desirable.

Quorum and Vote Required

A quorum of shareholders is necessary to take action at the Annual Meeting. A majority of the total outstanding shares of Common Stock of the Company, represented in person or by proxy, will constitute a quorum for purposes of the meeting.

The affirmative vote of a majority of the shares represented at the meeting, in person or by proxy, and entitled to vote is required for the election of directors and to adopt and approve the Company’s 2011 Incentive Plan.

Effect of Broker Non-Votes, Withheld Votes and Abstentions

Shareholders may vote “FOR” or “WITHHOLD” a vote for the election of directors and “FOR”, “AGAINST” or “ABSTAIN” with respect to the Company’s 2011 Incentive Plan. Withhold votes and abstentions will be treated as shares of Common Stock that are present for purposes of determining the presence of a quorum, but will have the effect of a

vote against the election of directors and the proposal to approve the Company's 2011 Incentive Plan.

Broker non-votes occur when nominees, such as brokers and banks holding shares on behalf of the beneficial owners, are prohibited from exercising discretionary voting authority for beneficial owners who have not provided voting instructions at least ten days before the Annual Meeting. If no instructions are given within that time frame, the nominees may vote those shares on matters deemed "routine" by the New York Stock Exchange. On non-routine matters, such as the election of directors and the proposal to approve the Company's 2011 Incentive Plan, nominees cannot vote without instructions from the beneficial owner, resulting in so-called "broker non-votes." Broker non-votes are not counted for the purposes of determining the number of shares present in person or represented by proxy on a voting matter. For these reasons, please promptly sign, date and return the voting instruction card your broker or nominee has enclosed, in accordance with the instructions on the card.

Voting Procedure, Revoking Proxies

Shareholders whose shares are registered in their own names may vote by mailing a completed proxy card as an alternative to voting in person at the Annual Meeting. To vote by mailing a proxy card, shareholders should sign and return the enclosed proxy card in the enclosed prepaid and addressed envelope.

If shares are registered in the name of a bank or brokerage firm (record holder), shareholders will receive instructions from their record holder that must be followed in order for the record holder to vote the shares in accordance with the shareholder's instructions. If shares are held through a bank or brokerage firm and the shareholder wishes to be able to vote in person at the Annual Meeting, the shareholder must obtain a legal proxy from the brokerage firm, bank or other holder of record and present it to the inspector of election with the shareholder's ballot.

Registered shareholders may revoke or change a previously delivered proxy at any time before the Annual Meeting by delivering another proxy with a later date or by delivering written notice of revocation of their proxy to the Secretary of the Company at its principal executive offices before the beginning of the Annual Meeting. Shareholders may also revoke their proxy by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, in and of itself, revoke a valid proxy that was previously delivered. If shares are held through a bank or brokerage firm, shareholders must contact that bank or brokerage firm to revoke any prior voting instructions. Shareholders may also vote in person at the Annual Meeting if a legal proxy is obtained, as described in the preceding paragraph.

Dissenters' Rights of Appraisal

Under Illinois law, shareholders are not entitled to appraisal rights or other similar rights in connection with any of the proposals to be voted upon at the Annual Meeting.

Manner and Costs of Solicitation

The cost of preparing, assembling and mailing the proxy materials and of reimbursing brokers, nominees and fiduciaries for the out-of-pocket expenses of transmitting copies of the proxy materials to the beneficial owners of shares held of record by such persons will be borne by the Company. The Company intends to solicit proxies by the use of mail, but certain officers and regular employees of the Company or its subsidiary, without additional compensation, may use their personal efforts by telephone or otherwise, to obtain proxies. The Company also reserves the right to retain and compensate a professional solicitor to assist in the solicitation of proxies.

PROPOSAL 1: ELECTION OF DIRECTORS

Five directors are to be elected at the Annual Meeting, to serve until the 2013 Annual Meeting of Shareholders, or until their successors are elected and qualified. Proxies will be voted, unless otherwise indicated, for the election of the nominees named below. The persons authorized to vote shares represented by executed proxies in the enclosed form (if authority to vote for the election of directors is not withheld) will have full discretion and authority to vote cumulatively and to allocate votes among any or all of the listed nominees for director as they may determine or, if authority to vote for a specified candidate or candidates has been withheld, among those nominees for whom authority to vote has not been withheld. In any case, and notwithstanding the foregoing, the proxies may be voted for less than the entire number of nominees if any situation arises which, in the opinion of the proxy holders, makes such action necessary or desirable.

Director Nominees

The following information is furnished with respect to each nominee for election as a director. Each nominee has agreed to serve, if elected.

DENNIS W. BAKER, age 65 – Mr. Baker has served as a director of the Company since 2000. From April 1975 to April 2006, Mr. Baker held various positions with CF Industries Holdings, Inc., a fertilizer manufacturing and distribution company, and most recently served as Treasurer from March 1988 to April 2007, when he retired. During this time, he also held the following titles at CF Industries Holdings, Inc.: Assistant Treasurer, Director of Financial Planning and Budgeting, Manager of Financial Planning, Manager of Budgets and Capital Expenditure Control, Capital Expenditure Control Analyst and Financial Analyst. On May 1, 2011 Mr. Baker was elected to the Board of Directors of CIS World, Inc. Mr. Baker is Chairman of the Audit Committee and is a member of the Compensation and Nominating Committees. The Company believes that Mr. Baker is qualified to sit on the board of directors because of his extensive management experience.

HERBERT F. IMHOFF, JR., age 62 – Mr. Imhoff has served as a director of the Company since 1986 and as President and Chief Operating Officer of the Company from March 22, 2010 to August 31, 2011. As of August 31, 2011, he no longer serves as Chief Operating Officer of the Company, but has retained his position as President of the Company. Mr. Imhoff previously served as Chairman of the Board, Chief Executive Officer and President of the Company from July 30, 2001 to June 30, 2009, as Executive Vice President of the Company from 1986 to 2001 and as General Counsel to the Company from 1982 to 2009. The Company believes that Mr. Imhoff is qualified to sit on the board of directors because of his significant high-level management experience and his familiarity with the operations of the Company.

CHARLES W. B. WARDELL III, age 66 – Mr. Wardell has served as a director of the Company since July 1, 2009. Previously, Mr. Wardell served as Senior Advisor to the Chief Executive Officer of Korn/Ferry International, a multi-national executive recruitment service with currently more than 70 offices in 40 countries, from 1992 to 2007. Between 1990 and 1992, Mr. Wardell served as President of Nordeman Grimm, a New York based boutique executive placement firm with specialization in placements with marketing and financial services companies. In 1978, he joined American Express as Special Assistant to the Chief Executive Officer, although he also held titles, between 1978 and 1990, of Regional Vice President and General Manager of American Express Company Middle East and Senior Vice President and Chief Operating Officer of Global Private Banking at American Express International Banking Corporation. His experience also encompasses Senior Vice President, both at Travelers and Mastercard International, as well as Executive Vice President of Diners Club at Citicorp. Mr. Wardell served on the board of Cowen & Co. from 2006 to 2010. Mr. Wardell is Chairman of the Compensation Committee and is a member of the Audit and Nominating Committees. Additionally, Mr. Wardell has served as President and CEO of Witt/Kieffer. The Company believes that Mr. Wardell is qualified to sit on the board of directors because of his experience serving

placement companies and the financial industry.

THOMAS C. WILLIAMS, age 51 – Mr. Williams has served as a director of the Company since July 9, 2009. Since 2005, Mr. Williams has served as acting Vice Chairman of Capital Management of Bermuda (previously Travelers of Bermuda), a company providing pension benefits for expatriates who have worked outside the U.S. and accrued benefits towards their retirement which are not covered by their domestic pension plans. Additionally, Mr. Williams has served as the Chief Executive Officer of Innova Insurance Ltd., a Bermuda based insurer, which provides extension risk to the Capital Markets on life insurance related assets. Mr. Williams is Chairman of the Nominating Committee and is a member of the Audit and Compensation Committees. The Company believes that Mr. Williams is qualified to sit on the board of directors because of his significant management experience.

SALVATORE J. ZIZZA, age 66– Mr. Zizza has served as a director of the Company since January 8, 2010 and as Chief Executive Officer since December 23, 2009. Mr. Zizza currently serves as Chairman of Metropolitan Paper Recycling, Inc., a privately owned and operated material recovery and waste removal company, where he has worked since 2005. Mr. Zizza serves as Chairman of Bethlehem Advanced Materials, a company that designs and manufactures specialty high-temperature furnaces that are used for the processing and manufacturing of a wide variety of advanced materials, since 1995. Mr. Zizza served as the President and Treasurer of Initial Acquisition Corp., from 1992 until March 1997, at which time Initial Acquisition Corp. merged with Hollis-Eden Pharmaceuticals. He has served Harbor Biosciences (formerly Hollis-Eden) as a member of the board of directors since March 1997 and the non-executive Chairman of the board of directors since March 2009. Mr. Zizza was President and Chief Financial Officer of NICO Construction Company, Inc., a construction company, until 1985, when NICO Construction Company, Inc. merged with The LVI Group, Inc. Prior to joining NICO Construction Company, Inc., Mr. Zizza was an independent financial consultant and had been a lending officer for Chemical Bank. In addition to the aforementioned, Mr. Zizza’s current and former directorships include: The Gabelli Equity Trust (NYSE), The Gabelli Asset Fund, The Gabelli Growth Fund, The Gabelli Convertible and Income Securities Fund, The Gabelli Utility Trust Fund (NYSE), The Gabelli Global Multimedia Trust (NYSE), The Gabelli Equity Series Fund, The Gabelli Dividend and Income Trust, The Gabelli Gold Fund, the Gabelli International Growth Fund, The Gabelli Global Gold Natural Resources, Westwood Funds, Earl Scheib Inc (NASDAQ), and Trans-Lux Corporation. The Company believes that Mr. Zizza is qualified to sit on the board of directors because of his years of leadership in board and management positions.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION
OF EACH OF THE INDIVIDUALS NOMINATED FOR ELECTION AS A DIRECTOR.**

DIRECTORS AND EXECUTIVE OFFICERS

Executive Officers

The executive officers of the Company as of January 19, 2012 are as follows:

Name	Age	Position
Salvatore J. Zizza	66	Chief Executive Officer
Herbert F. Imhoff, Jr.	62	President
Brad A. Imhoff	49	Chief Operating Officer, President of the Professional Staffing Division
Jarett A. Misch	43	Chief Financial Officer, Treasurer
Katy M. Gallagher	28	Vice President of Operations, Vice President of the Professional Staffing Division

See “Election of Directors - Director Nominees” for the biographical information of Messrs. Zizza and Imhoff, Jr.

BRAD A. IMHOFF – Mr. Imhoff has served as Chief Operating Officer and President of the Professional Staffing Division since September 1, 2011. Prior to joining the Company, Mr. Imhoff, co-founded Ashley Ellis, LLC (“Ashley Ellis”) a company that provided services related to the recruitment and placement of technical personnel, in January 2009 and served as its Chief Executive Officer and sole member from January 2009 until August 31, 2011, at which time substantially all of the assets of Ashley Ellis were acquired by the Company. Prior to founding Ashley Ellis, Mr. Imhoff worked as a sales consultant and participated in sales training seminars from January 2005 to January 2009. Prior to that, Mr. Imhoff managed and co-owned Camden Aviation LLC, a private jet charter company, from January 2000 to January 2005 and, co-founded and served as Chief Executive Officer of Camden Vale Corporation, an information technology recruiting firm, from January 1995 to October 2001. Mr. Imhoff previously served as Vice President of Staffing of the Company from October 1985 to January 1995.

JARETT A. MISCH – Mr. Misch was appointed Chief Financial Officer and Treasurer of the Company on January 3, 2012. From October 2007 to June 2011, Mr. Misch served as Vice President – Accounting at National Express Corp., the second largest school bus transportation company in North America, where he was responsible for all accounting, payroll, treasury, financial reporting, internal controls and tax matters. Prior to National Express, he served as Vice President, Controller and Chief Accounting Officer at Factory Card & Party Outlet, a publicly traded retail company from April 1999 to February 2007. He has experience in SEC reporting, Sarbanes Oxley compliance and IFRS. Mr. Misch holds a B.S. in business from Indiana University and is a Certified Public Accountant.

KATY M. GALLAGHER – Ms. Gallagher has served as Vice President of Operations and Vice President of the Professional Staffing Division since September 1, 2011. Prior to joining the Company, Ms. Gallagher co-founded Ashley Ellis, a company that provided services related to the recruitment and placement of technical personnel, and served as its Chief Operations Officer and Vice President until August 31, 2011, when Ashley Ellis become a wholly owned subsidiary of the Company. Prior to founding Ashley Ellis, Ms. Gallagher served as a consultant from 2006-2008 for the Company and, previously, for Austin Vale, an India-based recruitment firm for technical personnel. In this position, Ms. Gallagher consulted on strategic planning, marketing and training. Prior to that, Ms. Gallagher was the sole owner of Ashton Zane Inc, a provider of sales training seminars across the country, from 2004 to 2006.

All executive officers are elected annually by the Board of Directors at the first meeting of the board held following each Annual Meeting of Shareholders, and they hold office until their successors are elected and qualified.

Brad A. Imhoff is the brother of Herbert F. Imhoff, Jr., a director and President of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires the Company’s directors and officers, and persons who own more than 10% of a registered class of its equity securities, to file reports of ownership and changes in ownership (typically, Forms 3, 4 and/or 5) of such equity securities with the SEC. Such entities are also required by SEC regulations to furnish the Company with copies of all such Section 16(a) reports.

Based solely on a review of Forms 3 and 4 and amendments thereto furnished to the Company and written representations that no Form 5 or amendments thereto were required, the Company believes that during the fiscal year ended September 30, 2011, its directors and officers, and greater than 10% beneficial owners, have complied with all Section 16(a) filing requirements except for the following: Salvatore J. Zizza was late filing a Form 4; Brad A. Imhoff was late filing a Form 3 to report one transaction; Katy M. Gallagher was late filing a Form 3 to report one transaction; Thomas C. Williams was late filing a Form 3 disclosing him as a Director; Charles W. B. Wardell III failed to file a Form 3 and a Form 4 to report one transaction.

Transactions with Related Persons, Promoters and Certain Control Persons

On August 31, 2011, the Company entered into an asset purchase agreement (the “Ashley Purchase Agreement”) with Ashley Ellis, an Illinois limited liability company, and Brad A. Imhoff for the purchase of certain assets of Ashley Ellis, including customer lists, comprising Ashley Ellis’ services business. Ashley Ellis’ services business was operated from offices in Illinois, Texas and Georgia and provided services related to the recruitment and placement of technical personnel. The Ashley Purchase Agreement was deemed effective on September 1, 2011.

Brad A. Imhoff is the brother of Herbert F. Imhoff, Jr., a director and President of the Company. Brad A. Imhoff and Ashley Ellis, an entity of which Brad A. Imhoff is the sole member and Chief Executive Officer, were parties to the transaction. As consideration for the assets, the Company paid Ashley Ellis \$200,000 on the date of closing and agreed to pay Ashley Ellis an additional \$200,000 within six months of closing. The Company also agreed to issue to

Ashley Ellis 1,250,000 restricted shares of the Company's common stock. As the sole member of Ashley Ellis, Brad A. Imhoff has an interest in the entire consideration paid by the Company to Ashley Ellis for the assets.

In connection with the transactions contemplated by the Ashley Purchase Agreement, on August 31, 2011, the Company and Ashley Ellis entered into a registration rights agreement (the "Registration Rights Agreement"), pursuant to which Ashley Ellis was granted certain piggyback registration rights with respect to the shares to be issued to Ashley Ellis under the Ashley Purchase Agreement. The Registration Rights Agreement contains certain indemnification provisions for the benefit of the Company and Ashley Ellis and other customary provisions.

Also in connection with the transactions contemplated by the Ashley Purchase Agreement, on August 31, 2011, the Company entered into an employment agreement and change in control agreement with Katy M. Gallagher, as more fully described below under "Executive Compensation – Employment and Change in Control Agreement."

Brad A. Imhoff and Katy M. Gallagher are engaged to be married.

BOARD OF DIRECTORS AND ITS COMMITTEES

Board Leadership Structure and Role in Risk Oversight

The Board of Directors believes that the Company's Chief Executive Officer is best situated to serve as Chairman because he is the director most familiar with the Company's business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Independent directors and management have different perspectives and roles in strategy development. The Company's independent directors bring experience, oversight and expertise from outside the company and industry, while the Chief Executive Officer brings company-specific experience and expertise. The Board of Directors believes that the combined role of Chairman and Chief Executive Officer is in the best interest of shareholders because it promotes strategy development and execution, and facilitates information flow between management and the Board of Directors, which are essential to effective governance. The Board of Directors does not have a lead independent director.

The Board of Directors provides overall risk oversight for the Company as part of its normal, ongoing responsibilities. It receives reports from Mr. Zizza and other members of senior management on a periodic basis on areas of risk facing the Company. In addition, board committees oversee specific elements of risk or potential risk.

Director Independence

The Board of Directors has determined that each director and each nominee for director, other than Mr. Imhoff, Jr. and Mr. Zizza, is an independent director under the listing standards of the NYSE Amex Stock Exchange. In addition, the Board of Directors has determined that each current member of the Audit Committee meets the additional independence criteria required for audit committee membership under the listing standards of the NYSE Amex Stock Exchange and Rule 10A-3 of the Exchange Act.

Board and Committee Meetings

The Board of Directors meets on a regularly scheduled basis to review significant developments affecting the Company and to act on matters requiring Board approval. It also holds special meetings when an important matter requires Board action between scheduled meetings. The Board of Directors held eight meetings during the last fiscal year. No director of the Company attended less than 75% of the total meetings of the Board and Committees on which such Board members served during this period.

The members of the Board of Directors are expected to attend the Company's Annual Meeting of Shareholders. All of the director nominees were present at the prior year's Annual Meeting, which was held on February 10, 2011.

There are three standing committees of the Board of Directors, which are the Nominating Committee, the Audit Committee and the Compensation Committee.

Nominating Committee

The functions of the Nominating Committee are to assist the Board of Directors in identifying, interviewing and recommending to the Board of Directors qualified candidates to fill positions on the board. The Nominating Committee met one time during fiscal 2011.

The Company does not have a policy regarding the consideration of diversity, however defined, in identifying nominees for director. Instead, in evaluating candidates to serve on the Company's Board of Directors, consideration is given to the level of experience, financial literacy and business acumen of the candidate. In addition, qualified candidates for director are those who, in the judgment of the Nominating Committee, have significant decision-making responsibility, with business, legal or academic experience. The Nominating Committee will consider recommendations for board candidates that are received from various sources, including directors and officers of the Company, other business associates and shareholders, and all candidates will be considered on an equal basis, regardless of source.

Shareholders may contact the Nominating Committee to make such recommendations by writing in care of the Secretary of the Company, at One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181. Submissions must be in accordance with the Company's By-Laws and include: (a) a statement that the writer is a shareholder and is proposing a candidate for consideration by the Nominating Committee; (b) the name, address and number of shares beneficially owned by the shareholder; (c) the name, address and contact information of the candidate being recommended; (d) a description of the qualifications and business experience of the candidate; (e) a statement detailing any relationships between the candidate and the Company and any relationships or understandings between the candidate and the proposing shareholder; and (f) the written consent of the candidate that the candidate is willing to serve as a director if nominated and elected.

The Nominating Committee is presently composed of three non-employee directors: Thomas C. Williams (Chairman), Dennis W. Baker, and Charles W. B. Wardell III.

The Board of Directors has adopted a written charter for the Nominating Committee. The Nominating Committee Charter is not available on the Company's website. A copy of the Nominating Committee Charter was attached as an appendix to the proxy statement prepared in connection with the February 10, 2011 Annual Meeting of Shareholders.

Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the Company's accounting policies and practices, its financial reporting and its internal accounting controls. In addition, the Audit Committee reviews and approves the scope of the annual audit of the Company's books, reviews the findings and recommendations of the independent registered public accounting firm at the completion of their audit, and approves annual audit fees and the selection of an auditing firm. The Audit Committee met six times during fiscal 2011. In addition, the Chairman of the Audit Committee participated in three quarterly meetings in fiscal 2011, to review earnings press releases and the Company's filings on Form 10-Q with members of management and the Company's independent registered public accounting firm.

The Audit Committee is presently composed of three non-employee directors: Dennis W. Baker (Chairman), Charles W. B. Wardell III and Thomas C. Williams. The Board of Directors has determined that Mr. Baker, Mr. Wardell and Mr. Williams are each an "audit committee financial expert" as defined by rules of the SEC.

The Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee Charter is not available on the Company's website. A copy of the Audit Committee Charter is attached as appendix A to this proxy

statement.

Compensation Committee

The Compensation Committee has the sole responsibility for approving and evaluating the officer compensation plans, policies and programs. It may not delegate this authority. It meets as often as necessary to carry out its responsibilities. The Compensation Committee has the authority to retain compensation consultants, but has not done so. The Compensation Committee met three times during fiscal 2011.

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In the past, the Compensation Committee has met each September to consider the compensation of the Company's executive officers, including the establishment of base salaries and performance targets for the succeeding year, and the consideration of stock option awards. Management provides the Compensation Committee with such information as may be requested by the Compensation Committee, which in the past has included historical compensation information of the executive officers, tally sheets, internal pay equity statistics, and market survey data. Under the guidelines of the NYSE Amex Stock Exchange, the chief executive officer may not be present during the Compensation Committee's deliberations regarding his compensation. If requested by the committee, the chief executive officer may provide recommendations regarding the compensation of the other officers.

The Compensation Committee also has the responsibility to make recommendations to the Board of Directors regarding the compensation of directors.

The Compensation Committee is presently composed of three non-employee directors: Charles W. B. Wardell III (Chairman), Dennis W. Baker, and Thomas C. Williams.

The Board of Directors has adopted a written charter for the Compensation Committee. The Compensation Committee Charter is not available on the Company's website. A copy the Compensation Committee Charter was attached as an appendix to the proxy statement prepared in connection with the March 22, 2010 Annual Meeting of Shareholders.

Shareholder Communications

The Board of Directors has established a procedure by which shareholders of the Company can communicate with the Board of Directors. Shareholders interested in communicating with the Board of Directors as a group or with individual directors may do so, in writing. Correspondence to the directors should be sent by regular mail c/o the Secretary, General Employment Enterprises, Inc., One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181. Any such correspondence will be reviewed by the Secretary, who will then forward it to the appropriate parties. Communications that are solicitations or deemed to be irrelevant to the Board of Directors' responsibilities may be discarded, at the discretion of the Secretary.

Nominations for Directors

The By-Laws of the Company establish procedures for the nomination of candidates for election to the Board of Directors. The By-Laws provide that the nominations may be made by the Board of Directors or by a committee appointed by the Board of Directors. Any shareholder entitled to vote in the election of directors generally may make nominations for the election of directors to be held at an Annual Meeting of Shareholders, provided that such shareholder has given actual written notice of his intent to make such nomination or nominations to the Secretary of the Company not less than ninety days nor more than one hundred twenty days prior to the anniversary date of the immediately preceding Annual Meeting of Shareholders. Each such notice must set forth (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings involving any two or more of the shareholders, each such nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder or relating to the Company or its securities or to such nominee's service as a director if elected; (d) such other information regarding such nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Company, if so elected.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Listed in the following table is information concerning persons known to the Company to be beneficial owners of more than five percent of the Company's outstanding Common Stock, and information concerning the beneficial ownership of the Company's outstanding Common Stock by each director, director nominee and named executive officer, as defined below, individually, and by all current directors and executive officers as a group. Unless noted otherwise, the named persons have sole voting and dispositive power over the shares listed. Except as noted otherwise, the information is as of December 30, 2011.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Trinity HR Services, LLC(1) Trinity HR, LLC 11921 Brinley Avenue Louisville, KY 40243	12,825,281 (1)	58.3%
Big Red Investments Partnership Ltd. 5025 W. Lemon Street Tampa, Florida 33609	1,476,015 (2)	6.7%
Dennis W. Baker.	73,800 (3)	*
Herbert F. Imhoff, Jr.	945,324 (4)	4.3%
Charles W. B. Wardell III	16,000 (5)	*
Thomas C. Williams	6,000(6)	*
Salvatore J. Zizza	97,202(7)	*
Brad A. Imhoff	1,252,300(8)	5.7%
Jarett A. Misch	-	-
Katy M. Gallagher	-	-
All current directors and executive officers as a group (8 individuals)	2,390,626	10.9%

* Represents less than 1%.

(1) Based on the Schedule 13D filings filed on January 3, 2012 by each of Trinity HR Services, LLC, a Delaware limited liability company ("Trinity Services"), Trinity HR, LLC, a Kentucky limited liability company ("Trinity HR"), Brandon Simmons, Jeff Moody and J. Sherman Henderson III. Trinity Services owns directly 9,325,281 shares of Common Stock, Trinity HR owns directly 3,500,000 shares of Common Stock, and each of the Messrs. Simmons, Moody and Henderson, as co-managers of Trinity Services and Trinity HR, may be deemed to beneficially own, in the aggregate the 12,825,281 shares of Commons Stock owned directly by Trinity Services and Trinity HR.

(2) Based on the Schedule latest 13D filed by Big Red Investments Partnership Ltd., Bucknoletan Management, LLC and Thomas J. Bean on June 16, 2010. Each of Bucknoletan Management, LLC, as the general partner of Big Red Investments Partnership Ltd., and Mr. Bean, as the manager of Bucknoletan Management, LLC, may be deemed to beneficially own the shares of Common Stock owned directly by Big Red Investments Partnership Ltd.

- (3) Represents (i) 52,800 shares of Common Stock owned and (ii) 21,000 shares issuable upon the exercise of stock options that are currently exercisable.
- (4) Represents (i) 500,000 shares of Common Stock owned directly by Mr. Imhoff, Jr., (ii) 439,324 shares of Common Stock owned directly by the Herbert F. Imhoff, Jr. Revocable Trust, of which Mr. Imhoff, Jr. is the sole trustee and (iii) 6,000 shares issuable upon the exercise of stock options that are currently exercisable.
- (5) Represents (i) 10,000 shares of Common Stock owned and (ii) 6,000 shares issuable upon the exercise of stock options that are currently exercisable.
- (6) Represents 6,000 shares issuable upon the exercise of stock options that are currently exercisable.
- (7) Represents 97,202 shares of Common Stock owned.
- (8) Represents (i) 1,250,000 shares of Common Stock related to the acquisition of Ashley Ellis LLC, (ii) 1,150 shares of Common Stock directly owned and (iii) 1,150 shares of Common Stock owned by Mr. Imhoff's daughter, Lisa Imhoff.

Note the 1,500,000 stock options contemplated in the Company's 2011 Incentive plan issued to the Company's Board of Directors are excluded from this table as the plan is subject to shareholder approval.

Change in Control of the Company

On January 3, 2012, each of Trinity Services, Trinity HR, Brandon Simmons, Jeff Moody and J. Sherman Henderson III (collectively, the "Trinity Group") filed Schedule 13Ds (the "Schedule 13D Filings") with the SEC disclosing that each of Messrs. Simmons, Moody and Henderson, as co-managers of Trinity Services and Trinity HR, may be deemed to beneficially own, in the aggregate, 12,825,281 shares of the Common Stock, or approximately 58.3% of the issued and outstanding Common Stock based on the number of shares outstanding and shares issuable upon exercise of options as of September 30, 2011, reported by the Company in its Annual Report on Form 10-K for the period ended September 30, 2011, filed on December 29, 2011, constituting a change of control for the Company.

Gregory L. Skaggs, the sole member of PSQ, LLC, a Kentucky limited liability company ("PSQ"), which owned 9,325,281 shares of Common Stock, or approximately 42% of the issued and outstanding Common Stock (the "PSQ Shares"), sold his entire membership interest in PSQ to Trinity Services, effective as of December 12, 2011, which Trinity Services distributed to itself on December 13, 2011. The PSQ Shares were purchased by Trinity Services for \$500,000, payable in monthly installments through seller financing from Mr. Skaggs and approximately \$45,000 of short term borrowings from Derby Capital, LLC, an affiliate of Messrs. Henderson and Moody. Trinity Services has pledged the PSQ Shares to Mr. Skaggs as collateral for payment of the balance of the purchase price.

Trinity HR acquired 3,500,000 shares of Common Stock (the "RFFG Shares" and, together with the PSQ Shares, the "Shares") or approximately 16% of the issued and outstanding Common Stock, from RFFG, LLC, a wholly owned subsidiary of Trinity HR ("RFFG") on December 21, 2011 as a distribution from RFFG. Trinity HR acquired RFFG from WTS Acquisition LLC on September 8, 2011. RFFG previously obtained beneficial ownership of the RFFG Shares in early September 2011 as a prospective purchase price payment from the Company to RFFG in connection with the sale by RFFG to the Company of a portion of its business on December 30, 2010.

EXECUTIVE COMPENSATION

Summary Compensation Information

The following table summarizes all compensation awarded to, earned by or paid to all individuals serving as the Company's principal executive officer, its two most highly compensated executive officers other than the principal executive officer, and up to two additional individuals who were serving as executive officers at the end of the last completed fiscal year, for each of the last two completed fiscal years. These individuals are referred to throughout this proxy statement as the "named executive officers."

Summary Compensation Table

Name and Principal Position	Fiscal Year	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Salvatore J. Zizza Chief Executive Officer and Chairman of the Board	2011	97,667	—	—	—	97,667
	2010	76,000	—	—	328	76,328 (1)
Herbert F. Imhoff, Jr.(2) President	2011	—	—	—	180,000	180,000
	2010	—	—	—	180,067	180,067
Marilyn L. White(3) Vice President	2011	137,500	—	—	32,500	170,000
	2010	150,000	—	17,150	672	167,822
James R. Harlan(4) Chief Financial Officer And Treasurer	2011	119,167	—	—	—	119,167
	2010	18,333	—	3,100	—	21,433

(1) Does not include \$46,000 in consulting fees paid by PSQ to Mr. Zizza subsequent to the date he became employed by the Company on December 23, 2009, which fees were paid pursuant to a consulting agreement entered into between PSQ and Mr. Zizza in March 2009. Under the terms of such consulting agreement, Mr. Zizza provided PSQ with certain services in connection with its investment in the Company. The consulting agreement was terminated in February 2010.

(2) As of August 31, 2011, Herbert F. Imhoff, Jr. no longer serves as Chief Operating Officer of the Company.

(3) On August 31, 2011, Marilyn L. White was terminated from her position as Vice President of the Company.

(4) On December 30, 2011, James Harlan was terminated from his position as Chief Financial Officer and Treasurer.

Employment and Change in Control Agreements

Salvatore J. Zizza: On September 7, 2011, the Company and Salvatore J. Zizza, the Company's Chairman and Chief Executive Officer, entered into an employment agreement (the "Zizza Employment Agreement") and a change of control agreement (the "Zizza Change of Control Agreement"), each dated as of September 1, 2011. The Zizza Employment Agreement provides for a two-year term ending on September 1, 2013, unless Mr. Zizza's employment is earlier terminated by either party in accordance with the provisions thereof. Mr. Zizza is to receive a base salary at the rate of \$120,000 per year, subject to increase in the discretion of the Board of Directors of the Company. Mr. Zizza will also receive a life insurance policy with coverage equal to two times his base salary and a disability income insurance policy with coverage equal to 50% of his base salary. Mr. Zizza will be entitled to receive equity compensation on the same terms and conditions as other executives and members of the Board of Directors of the Company. In the event that Mr. Zizza's employment is terminated (other than as a result of Mr. Zizza's death or disability) either (i) by the Company for a reason other than Cause or (ii) by Mr. Zizza for Good Reason (each as defined in the Zizza Employment Agreement), Mr. Zizza will continue to receive his base salary and other benefits provided under the Zizza Employment Agreement for the remainder of the term of the Zizza Employment Agreement.

The term of the Zizza Change of Control Agreement commenced on September 1, 2011 and will terminate on the earlier of (i) two years following the date of execution; (ii) termination of Mr. Zizza's employment; or (iii) the execution of a written agreement between the Company and Mr. Zizza terminating the Zizza Change of Control Agreement. Under the Zizza Change of Control Agreement, in the event that the Company terminates Mr. Zizza's

employment without Cause or Mr. Zizza resigns with Good Reason after a Change of Control (each as defined in the Zizza Change of Control Agreement), Mr. Zizza will receive, subject to his execution of a separation agreement and release of claims in a form reasonably satisfactory to the Company, (i) a lump sum payment equal to all unpaid compensation remaining from the day of separation to the end of the term of the Zizza Employment Agreement; (ii) continuation of health insurance benefits for six months following his separation from service; (iii) reimbursement for the premiums associated with COBRA for 18 months following the six-month continuation of health insurance period; and (iv) the same percentage of Company-paid group-term life insurance benefits as were provided to Mr. Zizza and his family under plans of the Company as of the Change of Control for a total of twenty-four months following the year in which Mr. Zizza separates from service.

Brad A. Imhoff: In connection with Brad A. Imhoff's appointment as Chief Operating Officer of the Company, the Company entered into an employment agreement (the "Imhoff Employment Agreement") and a change of control agreement (the "Imhoff Change of Control Agreement") with Mr. Imhoff, each dated as of August 31, 2011. The Imhoff Employment Agreement provides for a three-year term ending on September 1, 2014, unless Mr. Imhoff's employment is earlier terminated in accordance with the provisions thereof. Mr. Imhoff is to receive a base salary at the rate of \$180,000 per year for the term of the Imhoff Employment Agreement. Mr. Imhoff is also entitled to receive an annual bonus equal to 10% of the increase in profits earned by the Company's Professional Staffing Division over the prior fiscal year minus an agreed upon corporate allocation and not including any profits of acquired entities or assets until the applicable earnout periods related thereto have expired. The fiscal year ending September 30, 2011 will be used as the first baseline to determine the profitability bonus and will be used in subsequent years to determine the profitability bonus to the extent that profits in subsequent years are less than profits for the fiscal year ending September 30, 2011. Upon the expiration of the term of the Imhoff Employment Agreement or termination of Mr. Imhoff's employment by the Company with cause under the circumstances set forth in the Imhoff Employment Agreement, the Company's obligations are limited generally to paying Mr. Imhoff his base salary through the termination date.

The term of the Imhoff Change of Control Agreement commenced on August 31, 2011 and will terminate on the earlier of (i) three years following the date of execution; (ii) termination of Mr. Imhoff's employment; or (iii) the execution of a written agreement between the Company and Mr. Imhoff terminating the Imhoff Change of Control Agreement. Under the Imhoff Change of Control Agreement, in the event that the Company terminates Mr. Imhoff's employment without Cause or Mr. Imhoff resigns with Good Reason after a Change of Control (each as defined in the Imhoff Change of Control Agreement), Mr. Imhoff will receive, subject to his execution of a separation agreement and release of claims in a form reasonably satisfactory to the Company, (i) a lump sum payment equal to all unpaid compensation remaining from the day of separation to the end of the term of the Imhoff Employment Agreement; (ii) continuation of health insurance benefits for six months following his separation from service; (iii) reimbursement for the premiums associated with COBRA for 18 months following the six-month continuation of health insurance period; and (iv) the same percentage of Company-paid group-term life insurance benefits as were provided to Mr. Imhoff and his family under plans of the Company as of the Change of Control for a total of twenty-four months following the year in which Mr. Imhoff separates from service.

Katy M. Gallagher: On August 31, 2011, the Company and Katy Gallagher, Vice President Operations, entered into an employment agreement (the "Gallagher Employment Agreement") and a change of control agreement (the "Gallagher Change of Control Agreement"). Ms. Gallagher will serve as the Vice President of Operations and the Vice President of the Professional Staffing Division of the Company. The Gallagher Employment Agreement provides for a three-year term ending on September 1, 2014, unless Ms. Gallagher's employment is earlier terminated in accordance with the provisions thereof. Ms. Gallagher is to receive a base salary at the rate of \$150,000 per year for the term of the Gallagher Employment Agreement. Upon the Death, Disability, expiration of the term of the Gallagher Employment Agreement, or a termination of Ms. Gallagher's employment with Cause (each as defined in the Gallagher Employment Agreement), the Company's obligations are limited generally to paying Ms. Gallagher her base salary through the termination date.

The term of the Gallagher Change of Control Agreement commenced on August 31, 2011 and will terminate on the earlier of (i) three years following the date of execution; (ii) termination of Ms. Gallagher's employment; or (iii) the execution of a written agreement between the Company and Ms. Gallagher terminating the Gallagher Change of Control Agreement. Under the Gallagher Change of Control Agreement, in the event that the Company terminates Ms. Gallagher's employment without Cause or Ms. Gallagher resigns with Good Reason after a Change of Control (each as defined in the Gallagher Change of Control Agreement), Ms. Gallagher will receive, subject to her execution of a separation agreement and release of claims in a form reasonably satisfactory to the Company, (i) a lump sum payment equal to all unpaid compensation remaining from the day of separation to the end of the term of the

Gallagher Employment Agreement; (ii) continuation of health insurance benefits for six months following her separation from service; (iii) reimbursement for the premiums associated with COBRA for 18 months following the six-month continuation of health insurance period; and (iv) the same percentage of Company-paid group-term life insurance benefits as were provided to Ms. Gallagher and her family under plans of the Company as of the Change of Control for a total of twenty-four months following the year in which Ms. Gallagher separates from service.

Consulting Agreement

In connection with the completion of the sale of shares of Common Stock to PSQ on July 1, 2009, Mr. Imhoff, Jr. resigned from his positions as Chairman of the Board, Chief Executive Officer and President of the Company and his employment agreement with the Company was replaced by a new consulting agreement. Under the consulting agreement, dated as of June 22, 2009, the Company became obligated to pay an annual consulting fee of \$180,000 over a five-year period and to issue 500,000 shares of Common Stock to Mr. Imhoff, Jr. in exchange for his service to the Company.

Option Awards

The option awards column represents the fair value of the stock options as measured on the grant date. The methods and assumptions used to determine the fair value of stock options granted are disclosed in “Note 16 - Stock Option Plans” in the notes to consolidated financial statements in the Company’s Annual Report for fiscal 2011 accompanying this proxy statement.

All stock options awarded to the named executive officers during fiscal 2010 were at option prices that were equal to the market price on the date of grant, had vesting dates two years or less after the date of grant, and had expiration dates ten years after the date of grant. There were no stock options awarded in fiscal 2011.

All Other Compensation

Name	Year	Executive Retirement Plan (\$)	Consulting Fees (\$)	Other (\$)(1)	Total All Other Compensation (\$)	
Salvatore J. Zizza	2011	—	—	—	—	
Chief Executive Officer and Chairman of the Board	2010	—	—	328	328	(2)
Herbert F. Imhoff, Jr.	2011	—	180,000	—	180,000	
President	2010	—	180,000	67	180,067	
Marilyn L. White	2011	—	—	32,500	32,500	(3)
Vice President	2010	—	—	672	672	

(1) Includes contributions to the Company’s 401(k) Incentive Savings Plan.

(2) Does not include \$46,000 in consulting fees paid by PSQ to Mr. Zizza subsequent to the date he became employed by the Company on December 23, 2009, which fees were paid pursuant to a consulting agreement entered into between PSQ and Mr. Zizza in March 2009. Under the terms of such consulting agreement, Mr. Zizza provided PSQ with certain services in connection with its investment in the Company. The consulting agreement was terminated in February 2010.

(3) Amount represents severance payment made to Ms. White.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding stock options held by each of the named executive officers as of September 30, 2011. At that date, there were no outstanding stock awards.

Outstanding Equity Awards at September 30, 2011 – Option Awards

Name	Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date
	Exercisable	Unexercisable		
Salvatore J. Zizza	—	—	—	—
Herbert F. Imhoff, Jr.	6,000	9,000 (1)	0.73	9/29/2019

(1) The options vest at the rate of 3,000 every year beginning on September 30, 2012

Please note included in this proxy is the 2011 Incentive Plan, pending shareholder approval, which would grant Messrs. Zizza and Imhoff, Jr. 300,000 stock options each which would vest at the rate of 100,000 beginning on December 31, 2012.

Retirement Benefits

The Company does not maintain a tax-qualified defined benefit retirement plan for any of its executive officers or employees. The Company has a 401(k) retirement plan in which all full-time employees may participate after one year of service.

Potential Payments upon Termination of Employment or Change in Control

We have entered into certain agreements (such as the employment agreements discussed above under the caption “Employment and Change in Control Agreements”) and maintain certain plans that require us to provide compensation to the named executive officers in the event of certain terminations of their employment or if the Company experiences a change in control. The amount of compensation that would be payable at September 30, 2011 to each named executive officer for such terminations is shown in the tables below.

Salvatore J. Zizza:

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	Death or Disability	For Cause Termination	Change in Control	Good Reason
Compensation:						
Base Salary Continuance	\$ —	\$ 230,000	\$ —	\$ —	\$ 230,000	\$ 230,000
Vacation Pay	—	20,000	—	—	20,000	20,000
Benefits and Perquisites:						
Life Insurance	—	626	—	—	626	626

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Disability Insurance	—	736	—	—	736	736
Medical Dental Vision	—	—	—	—	—	—
Total	\$—	\$251,362	\$—	\$—	\$251,362	\$251,362

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Brad A. Imhoff:

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	Death or Disability	For Cause Termination	Change in Control	Good Reason
Compensation:						
Base Salary Continuance	\$ —	\$ 525,000	\$ —	\$ —	\$ 525,000	\$ 525,000
Vacation Pay	—	45,000	—	—	45,000	45,000
Benefits and Perquisites:						
Life Insurance	—	952	—	—	952	952
Disability Insurance	—	1,680	—	—	1,680	1,680
Medical Dental Vision	—	16,381	—	—	16,381	16,381
Total	\$ —	\$ 581,013	\$ —	\$ —	\$ 581,013	\$ 581,013

Katy M. Gallagher:

Executive Benefits and Payments Upon Termination	Voluntary Termination	Involuntary Not for Cause Termination	Death or Disability	For Cause Termination	Change in Control	Good Reason
Compensation:						
Base Salary Continuance	\$ —	\$ 437,500	\$ —	\$ —	\$ 437,500	\$ 437,500
Vacation Pay	—	37,500	—	—	37,500	37,500
Benefits and Perquisites:						
Life Insurance	—	952	—	—	952	952
Disability Insurance	—	1,400	—	—	1,400	1,400
Medical Dental Vision	—	16,381	—	—	16,381	16,381
Total	\$ —	\$ 493,733	\$ —	\$ —	\$ 493,733	\$ 493,733

DIRECTOR COMPENSATION

Compensation of Directors

Under the Company's standard compensation arrangements that were in effect during fiscal 2011, each non-employee director received a monthly retainer of \$2,000 with the exception of Mr. Baker who received \$2,500 per month from March 2011 forward. Directors did not receive any additional compensation for attendance at meetings of the Board of Directors or its committees. Employees of the Company did not receive any additional compensation for service on the Board of Directors.

The following table sets forth information concerning the compensation paid to each of the non-employee directors during fiscal 2011:

Name	Director Compensation		Total (\$)
	Fees Earned or Paid in Cash (\$)	Option Awards (1) (\$)	
Dennis W. Baker	27,500	--	27,500
Herbert F. Imhoff, Jr.	24,000	--	24,000
Charles W. B. Wardell III	24,000	--	24,000
Thomas C. Williams	24,000	--	24,000

(1) The aggregate number of outstanding option awards at the end of fiscal 2011 were as follows for each of the non-employee directors: Mr. Baker – 30,000; Mr. Imhoff, Jr. – 15,000; Mr. Wardell – 15,000; Mr. Williams – 15,000.

Option Awards

The option awards column represents the fair value of the stock options as measured on the grant date. The methods and assumptions used to determine the fair value of stock options granted are disclosed in "Note 16 - Stock Option Plans" in the notes to consolidated financial statements in the Company's Annual Report for fiscal 2011 accompanying this proxy statement.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements in the Annual Report with Company management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent registered public accounting firm, BDO USA, LLP, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements with accounting principles generally accepted in the United States of America, its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61, Communication With Audit Committees (as amended),

and by the Public Company Accounting Oversight Board (United States) in Rule 3200T. In addition, the Audit Committee has discussed with the independent registered public accounting firm the firm's independence from Company management and the Company, including the matters in the letter from the firm required by Rule 3526 of the Public Company Accounting Oversight Board, and considered the compatibility of non-audit services with the independent registered public accounting firm's independence.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations; their consideration of the Company's internal control; and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the year ended September 30, 2011, filed by the Company with the SEC. The Audit Committee selected the Company's independent registered public accounting firm for the year ending September 30, 2012.

The Audit Committee is governed by a charter. The Audit Committee held six meetings during fiscal year 2011. The Audit Committee is comprised solely of independent directors as defined by the NYSE Amex Stock Exchange listing standards and Rule 10A-3 of the Securities Exchange Act of 1934.

Audit Committee of the Board of Directors
 Dennis W. Baker, Committee Chair
 Thomas C. Williams
 Charles W. B. Wardell III

INDEPENDENT PUBLIC ACCOUNTANTS

The Audit Committee of the Company's Board of Directors has selected BDO USA, LLP to serve as the Company's independent registered public accounting firm and to audit the Company's consolidated financial statements for the fiscal year ending September 30, 2011. BDO USA, LLP has served as the Company's independent registered public accounting firm since fiscal 2004.

A representative of BDO USA, LLP is expected to be present at the Annual Meeting to respond to appropriate questions and to make a statement if desired.

PRINCIPAL ACCOUNTANT FEES

The following table presents fees billed or expected to be billed by BDO USA, LLP for professional services rendered for the audit of the Company's financial statements for the fiscal years ended September 30, 2011 and 2010, and fees billed by BDO USA, LLP during those years for other professional services:

	Fiscal 2011	Fiscal 2010
Audit fees	\$ 122,000	\$ 90,000
Audit-related fees	4,000	42,000
Tax fees	—	—
All other fees	52,000	—

"Audit fees" relate to services rendered for the audit of the Company's consolidated financial statements for the fiscal year and for reviews of the interim consolidated financial statements included in the Company's quarterly reports filed with the SEC.

“Audit-related fees” relate to services rendered that are reasonably related to the audit of the Company’s consolidated financial statements and are not included in “audit fees.” These services include audits of the Company’s 401(k) retirement plan, the acquisition of certain assets of On-Site Services, Inc. and consultations on certain accounting matters.

“All other fees” relate to services rendered in connection with the subpoena issued to the Company by the SEC on February 14, 2011.

The Audit Committee’s policy is to pre-approve all audit and non-audit services provided by the independent registered public accounting firm, and to not engage them to perform the specific non-audit services proscribed by law or regulation. At the beginning of each fiscal year, the Audit Committee meets with the independent registered public accounting firm and approves the fees and services to be performed for the ensuing year. On a quarterly basis, the Audit Committee reviews the fees billed for all services provided for the year to date, and it pre-approves additional services if necessary. The Audit Committee’s pre-approval policies allow management to engage the independent registered public accounting firm for consultations on tax or accounting matters up to an aggregate of \$10,000 annually. All fees listed in the table above were approved in accordance with the Audit Committee’s policies.

PPOPOSAL 2: APPROVAL OF THE COMPANY’S 2011 INCENTIVE PLAN

On December 13, 2011, the Board, upon the recommendation of the Compensation Committee, unanimously adopted the Company’s 2011 Incentive Plan (the “Plan”), subject to adoption and approval by the Company’s stockholders. The Plan provides for the grant to directors, officers, consultants, advisors and employees of, and others providing services to, the Company and any subsidiary of the Company of nonqualified stock options (“Nonqualified Options”), incentive stock options (“Incentive Options” and together with the Nonqualified Options, “Options”), stock appreciation rights (“SARs”), restricted stock, restricted stock units, and other equity incentives or stock or stock based awards (“Equity Incentives”), all of which are referred to collectively as “Awards”.

The Board is asking the Company's stockholders to adopt and approve the Plan.

On December 13, 2011, the Compensation Committee of the Board granted Nonqualified Options to purchase 300,000 shares of common stock, no par value (“Common Stock”), to each of Dennis W. Baker, Herbert F. Imhoff, Jr., Charles W. B. Wardell III, Thomas C. Williams and Salvatore J. Zizza under the Plan, subject to the approval of the Plan by the Company’s stockholders. The Nonqualified Options will have an exercise price of \$0.409 per share and will vest equally in one-third increments over three years.

The Board unanimously recommends that you vote FOR the adoption and approval of the Plan.

Description of the Plan

The following is a brief summary of certain provisions of the Plan, which summary is qualified in its entirety by the actual text of the Plan attached hereto as Appendix B.

Purpose of the Plan

The Plan is intended as an incentive to retain persons of training, experience and ability in the employ of and as directors, officers, consultants, advisors and employees of, and others providing services to, the Company and any subsidiary of the Company, to attract new directors, officers, consultants, advisors, employees and others to the Company, whose services are considered valuable, to encourage a sense of proprietorship, and to stimulate the active interest of such persons in the development and financial success of the Company and its subsidiaries.

Administration of the Plan

The Plan is to be administered by a committee, which may be the Compensation Committee of the Board (the “Committee”), consisting of two or more directors who are “non-employee directors” (within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 (the “Exchange Act”)) and “outside directors” (within the meaning of Section 162(m) of the Internal Revenue Code (the “Code”)), which shall serve at the pleasure of the Board. In the event that for any reason the Committee is unable to act or if the Committee at the time of any grant, Award or other acquisition

under the Plan does not consist of two or more “non-employee directors,” or if there is no such Committee, then the Plan will be administered by the Board; provided, that grants to the Company’s Chief Executive Officer or to any other covered employee within the meaning of Section 162(m) of the Code that are intended to qualify as Section 162(m) grants may only be granted by the Committee.

Subject to the other provisions of the Plan, the Committee will interpret the Plan and all Awards granted under the Plan, make such rules as it deems necessary for the proper administration of the Plan, make all other determinations necessary or advisable for the administration of the Plan, and correct any defects or supply any omission or reconcile any inconsistency in the Plan or in any Awards granted under the Plan in the manner and to the extent that the Committee deems desirable to carry into effect the Plan or any Awards. With respect to those Options and SARs for which the Plan satisfies the performance-based compensation exception to the limitation on the Company's tax deductions imposed by Section 162(m) of the Code, the Committee, subject to the terms of the Plan, shall have full power and authority: (i) to designate recipients of such Options and SARs; (ii) to determine the terms and conditions of each Option and SAR granted (which need not be identical); and (iii) to determine whether Options shall be Incentive Options or Nonqualified Options.

Eligibility

The persons eligible for participation in the Plan as recipients of Awards include directors, officers, consultants, advisors and employees of, and others providing services to, the Company or any subsidiary of the Company; provided that Incentive Options may only be granted to employees of the Company or its subsidiaries. Approximately 100 individuals are currently eligible to participate in the Plan. In selecting participants, and determining the number of shares of Common Stock covered by each Award, the Committee may consider any factors that it deems relevant, including without limitation, the office or position held by the participant or the participant's relationship to the Company, the participant's degree of responsibility for and contribution to the growth and success of the Company or its subsidiaries, the participant's length of service, promotions and potential. A participant who has been granted an Award may be granted additional Awards.

Shares Subject to the Plan

Subject to the conditions outlined below, the total number of shares of Common Stock which may be issued pursuant to Awards granted under the Plan may not exceed 2,000,000 shares of Common Stock, all of which may be Incentive Options. The maximum number of shares of Common Stock that may be subject to Options and Stock Appreciation Rights granted under the Plan to any individual in any calendar year shall not exceed 300,000 shares, all of which may be Incentive Options. Subject to applicable law, any Award that expires or is canceled prior to its exercise or vesting in full or if the number of shares of Common Stock to be delivered upon the exercise or vesting in full of an Award be reduced for any reason, the shares of Common Stock theretofore subject to such Award may be subject to future grants under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or similar type of corporate restructuring affecting the Common Stock, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Plan and in the number and option price of shares subject to outstanding Options granted under the Plan, to the end that after such event each participant's proportionate interest shall be maintained as immediately before the occurrence of such event. Where applicable, the adjustments will be made in accordance with Code Section 424 and 409A.

Options

An Option to purchase shares of Common Stock granted under the Plan will be designated at the time of grant as either an Incentive Option or as a Nonqualified Option. The purchase price of each share of Common Stock purchasable under an option will be determined by the Committee at the time of grant, but may not be less than 100% of the fair market value of such share of Common Stock on the date the Option is granted, provided, that with respect to any recipient of an Incentive Option who, at the time of grant, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary, the purchase price per share of Common Stock under an Incentive Option shall be at least 110% of the fair market value of such share of Common Stock on the date of grant. The aggregate fair market value of Common Stock for which Incentive Options are exercisable for the first time during any calendar year under the Plan (with fair market value

being determined as of the date the Option is granted) shall not exceed \$100,000. No Option shall be exercisable more than ten years after the date such Option is granted, provided, that with respect to any recipient of an Incentive Option who, at the time of grant, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary, no such Incentive Option shall be exercisable more than five years after the date such Incentive Option is granted. Options granted under the Plan shall also be subject to such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable at the time of grant.

SARs

SARs will be exercisable at such time or times and subject to such terms and conditions as determined by the Committee at the time of grant. SARs shall be granted with an exercise price that is not less than 100% of the fair market value of a share of Common Stock on the date such SAR is granted. The term of SARs granted under the Plan shall be determined by the Committee, and except as determined otherwise by the Committee, shall remain exercisable until expiration, cancellation or termination. No SAR shall be exercisable more than ten years after the date such SAR is granted.

Restricted Stock and Restricted Stock Units

Shares of restricted stock and restricted stock units may be granted under the Plan aside from, or in association with, any other Award and will be subject to certain conditions and contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee deems desirable at the time of grant. Recipients of restricted stock shall have the rights of a shareholder with respect to such Awards, subject to certain non-transferability and forfeiture restrictions provided by the Plan. Recipients of restricted stock units will not receive dividends, will have no voting rights and will be subject to certain non-transferability and forfeiture restrictions provided by the Plan. Except as the Committee, in its discretion, may provide either at the time of grant or in any agreement evidencing an Award to a participant, a recipient of restricted stock or restricted stock units shall cease vesting in all or any portion of such restricted stock or restricted stock units as of the date his employment with or service to the Company or any of its subsidiaries terminates, for whatever reason, and any shares of such restricted stock or restricted stock units that are not vested as of such date shall be forfeited.

Other Equity Incentives or Stock Based Awards

Subject to the provisions of the Plan, the Committee may grant Equity Incentives not otherwise described by the terms of the Plan (including the grant or offer for sale of unrestricted shares of Common Stock) to such key persons, in such amounts and subject to such terms and conditions, as the Committee shall in its discretion determine at the time of grant. Such Awards may involve the transfer of actual shares of Common Stock to participants, or payment in cash or otherwise of amounts based on the value of shares of Common Stock.

Restrictions on Transferability

Except pursuant to (i) the Committee's sole discretion to permit the transfer of Nonqualified Options, restricted stock or restricted stock units in certain circumstances; (ii) a qualified domestic relations order; or (iii) as required by applicable law, the Awards granted under the Plan are not transferable and may be exercised solely by a participant during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution. Any attempt to transfer, assign, pledge or otherwise dispose of, or to subject to execution, attachment or similar process, any Award contrary to the provisions set forth in the Plan will be void and ineffective and will give no right to the purported transferee.

Termination of the Plan

Unless sooner terminated as provided therein, the Plan shall terminate ten years from the date the Plan is approved by the Board; provided, however that the Plan will automatically terminate if it is not approved by the Company's shareholders within one year of its approval by the Board.

Amendments to the Plan

The Committee may amend the terms of any Award granted, prospectively or retroactively, but no such amendment shall impair the rights of a recipient of any Award without such recipient's consent. The Committee may also substitute new Awards for previously granted Awards. The Board may at any time amend, suspend, or terminate the Plan, except that (i) no amendment shall be made that would impair the rights of a recipient of any Award granted without such recipient's consent; and (ii) following the approval of the Plan by Company's shareholders, no amendment shall be made without the approval of the Company's shareholders if (a) shareholder approval is required by any

securities exchange or similar regulatory body or (b) such amendment would

- (1) materially increase the number of shares that may be issued under the Plan;
- (2) materially increase the benefits accruing to recipients of Awards;
- (3) materially modify the requirements of eligibility under the Plan;
- (4) decrease the exercise price of an Option or SAR to less than 100% of the fair market value per share of Common Stock on the date of grant thereof;
- (5) extend the term of any Option; or
- (6) change the granting corporation for Incentive Options or the stock available for Incentive Options.

Change in Control

The Committee has the authority, exercisable either in advance of any actual or anticipated “Change in Control” (as defined in the Plan) or at the time of an actual Change in Control and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Change in Control, on such terms and conditions as the Committee may specify.

Effect of Termination of Employment on Awards

Unless otherwise determined by the Committee at the time of grant, if any participant’s employment with or service to the Company or any subsidiary terminates by reason of death or total and permanent disability (within the meaning of Section 22(e)(3) of the Code (“Disability”)), the Option or SAR may thereafter be exercised by the participant (or the participant’s transferee as applicable), to the extent then exercisable (or on such accelerated basis as the Committee shall determine at or after grant), for a period of one year after the date of such termination of employment or service or until the expiration of the stated term of such Option or SAR, whichever period is shorter.

Unless otherwise determined by the Committee at the time of grant, if any participant’s employment with or service to the Company or any subsidiary terminates by reason of retirement, any Option or SAR held by such participant may thereafter be exercised to the extent it was exercisable at the time of such retirement (or on such accelerated basis as the Committee shall determine at the time of grant), but may not be exercised after 60 days after the date of such termination of employment or service or the expiration of the stated term of such Option or SAR, whichever period is shorter; provided, however, that, if the participant dies within such 60-day period, any unexercised Option or SAR held by such participant shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one year after the date of such death or for the stated term of such Option or SAR, whichever period is shorter.

Unless otherwise determined by the Committee at the time of grant, if any participant’s employment with or service to the Company or any subsidiary terminates for any reason other than death, Disability or retirement, the Option or SAR shall thereupon terminate, except that the portion of any Option or SAR that was exercisable on the date of such termination of employment or service may be exercised for the lesser of 30 days after the date of termination or the balance of such Option or SAR’s term if the participant’s employment or service with the Company or any subsidiary is terminated by the Company or such subsidiary without cause or for good reason by the participant (the determination as to whether termination was for cause or for good reason to be made by the Committee).

Clawback

The Committee will, in all appropriate circumstances and in accordance with guidance issued by the SEC, require reimbursement of any annual incentive payment including Incentive Options and Nonqualified Options to an executive officer where: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of Company financial statements filed with the U.S. Securities and Exchange Commission; and (ii) a lower payment would have been made to the executive based upon the restated financial results. In each case, the Committee shall, to the extent practicable and in a manner consistent with Section 409A of the Code, seek to recover from the individual executive the amount by which the individual executive’s

incentive payments for the three year period preceding the accounting restatement exceeded the lower payment that would have been made based on the restated financial results.

New Plan Benefits

The following table shows the number of Incentive Options issued under the Plan in December 2011.

2011 INCENTIVE PLAN

Name and Current Position	Estimated Fair Value (\$)	Number of Nonqualified Options	
Salvatore J. Zizza, Chief Executive Officer	\$ 77,000	300,000	(1)
Executive Group	\$ 77,000	300,000	(2)
Non-Executive Director Group	\$ 232,000	900,000	(3)

(1)The Committee granted Mr. Zizza Nonqualified Options to purchase 300,000 shares of Common Stock, subject to stockholder approval of the Plan, which options vest equally in one-third increments over three years.

(2)Includes Nonqualified Options granted by the Committee to Herbert F. Imhoff, Jr., the Company's President, to purchase 300,000 shares of Common Stock, subject to stockholder approval of the Plan, which options vest equally in one-third increments over three years.

(3)Includes Nonqualified Options granted by the Committee to purchase 300,000 shares of Common Stock granted to each of Charles W. B. Wardell III, Thomas C. Williams and Dennis W. Baker, each a director of the Company, subject to stockholder approval of the Plan. Such Nonqualified Options each vest equally in one-third increments over three years.

U.S. Federal Income Tax Consequences

Incentive Options

Options that are granted under the Plan and that are intended to qualify as Incentive Options must comply with the requirements of Section 422 of the Code. An Option holder is not taxed upon the grant or exercise of an Incentive Option; however, the difference between the fair market value of the shares of Common Stock on the exercise date will be an item of adjustment for purposes of the alternative minimum tax. If an Option holder holds shares of Common Stock acquired upon the exercise of an Incentive Option for at least two years following the date of the grant of the Option and at least one year following the exercise of the Option, the Option holder's gain, if any, upon a subsequent disposition of such shares will be treated as long-term capital gain for federal income tax purposes. The measure of the gain is the difference between the proceeds received on disposition and the Option holder's basis in the shares (which generally would equal the exercise price). If the Option holder disposes of shares of Common Stock acquired pursuant to exercise of an Incentive Option before satisfying the one-and-two year holding periods described above, the Option holder may recognize both ordinary income and capital gain in the year of disposition. The amount of the ordinary income will be the lesser of (i) the amount realized on disposition less the Option holder's adjusted basis in the shares (generally the Option exercise price); or (ii) the difference between the fair market value of the shares on the exercise date and the Option price. The balance of the consideration received on such disposition will be long-term capital gain if the shares had been held for at least one year following exercise of the Incentive Option.

The Company is not entitled to an income tax deduction on the grant or the exercise of an Incentive Option or on the Option holder's disposition of the shares of Common Stock after satisfying the holding period requirement described

above. If the holding periods are not satisfied, the Company will generally be entitled to an income tax deduction in the year the Option holder disposes of the shares, in an amount equal to the ordinary income recognized by the Option holder.

Nonqualified Options

In the case of a Nonqualified Option, an Option holder is not taxed on the grant of such Option. Upon exercise, however, the participant recognizes ordinary income equal to the difference between the Option price and the fair market value of the shares of Common Stock on the date of the exercise. The Company is generally entitled to an income tax deduction in the year of exercise in the amount of the ordinary income recognized by the Option holder. Any gain on subsequent disposition of the shares of Common Stock is long-term capital gain if the shares are held for at least one year following the exercise. The Company does not receive an income tax deduction for this gain.

SARs

No taxable income will be recognized by an Option holder upon receipt of a SAR and the Company will not be entitled to a tax deduction upon the grant of such right. Upon the exercise of a SAR, the holder will include in ordinary income, for federal income tax purposes, the fair market value of the cash and other property received with respect to the SAR and the Company will generally be entitled to a corresponding tax deduction.

Restricted Stock and Restricted Stock Units

A recipient of restricted stock or restricted stock units will not have taxable income upon grant, but will have ordinary income at the time of vesting. The amount of income will equal the fair market value on the vesting date of the shares and/or cash received minus the amount, if any, paid by the recipient. A recipient of restricted stock may instead, however, elect to be taxed at the time of grant. The Company will generally be entitled to an income tax deduction for the taxable year for which the recipient includes the amount in income.

Section 409A

The Plan is designed and is to be interpreted in a manner such that Awards will not be subject to Section 409A of the Code.

Vote Required

The affirmative vote of a majority of the shares represented at the Annual Meeting is required to adopt and approve the Plan.

Recommendation of the Board

The Board unanimously recommends a vote FOR the adoption and approval of the Plan.

OTHER MATTERS

Proposals of Shareholders

In order to be considered for inclusion in the Proxy Statement for the 2013 Annual Meeting of Shareholders, any shareholder proposal to take action at that meeting must be received by the Company at its address hereinabove, on or before September 30, 2012. Any such proposal will be subject to the requirements of the proxy rules adopted under the Exchange Act.

In addition, any shareholder wishing to bring business before an annual meeting must comply with certain provisions in the Company's By-Laws. The Company's By-Laws establish an advance notice procedure with regard to certain matters to be brought before an annual meeting of shareholders of the Company other than by or at the direction of the Board of Directors of the Company. Such notice generally must be delivered to or mailed to and received at the principal executive offices of the Company not less than ninety days nor more than one hundred twenty days prior to the anniversary date of the immediately preceding annual meeting of shareholders. The shareholder must also comply with certain other provisions set forth in the Company's By-Laws relating to the bringing of business before an annual

meeting. For a copy of the Company's By-Laws, which includes the provisions relating to the bringing of business before an annual meeting, an interested shareholder should contact the Secretary of the Company, in writing, at Oakbrook Terrace Tower, One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181.

Availability of Form 10-K

The Company will furnish, upon request and without charge to each shareholder from whom it solicits proxies, a copy of its current annual report on Form 10-K, without exhibits, filed with the SEC. Requests should be in writing and addressed to:

Investor Relations Department
General Employment Enterprises, Inc.
Oakbrook Terrace Tower
One Tower Lane, Suite 2200
Oakbrook Terrace, Illinois 60181
Phone number (630) 954-0400
or e-mail to invest@genp.com

Delivery of Documents to Shareholders Sharing an Address

Only one copy of this proxy statement, with attached appendixes, is being sent to multiple shareholders sharing an address unless the Company receives contrary instructions from any shareholder at that address. This practice, known as “householding”, is designed to reduce printing and postage costs. However, if any shareholder residing at such address wishes to receive a separate copy of this proxy statement, he or she may contact investor relations at the address set forth above under “Availability of Form 10-K” and the Company will deliver the proxy statement to such shareholder promptly upon receiving the request. Any such shareholder may also contact investor relations if he or she would like to receive separate mailings in the future. If a shareholder receives multiple copies of the Company’s mailing, he or she may request householding in the future by also contacting investor relations.

Other Business

At the date of this Proxy Statement, the Board of Directors is not aware of any matters, other than those stated above, that may be brought before the meeting. However, if any other matters shall properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in accordance with their best judgment on such matters.

APPENDIX A

GENERAL EMPLOYMENT ENTERPRISES, INC.
AUDIT COMMITTEE CHARTER

November 19, 2007

Organization

This charter governs the operations of the Audit Committee. The Board of Directors (the “Board”) shall appoint an Audit Committee (the “Committee”) of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson, or delegate the authority to designate a chairperson to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for board members as set forth in the NYSE Amex Stock Exchange listing standards and Rule 10A-3 of the Securities Exchange Act of 1934.

Each member of the Committee shall be financially literate, or become financially literate within a reasonable period of time, and at least one member shall be an “audit committee financial expert,” as defined by rules of the Securities and Exchange Commission (the “SEC”).

Members shall not serve on more than three public company audit committees simultaneously.

The Committee shall meet at least quarterly. The Committee shall meet separately and periodically with management and the independent registered public accountants. The Committee shall report regularly to the Board with respect to its activities.

Purpose

The purpose of the Committee shall be to:

§ Provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: (i) the integrity of the Company’s financial statements; (ii) the effectiveness of the Company’s internal control over financial reporting; (iii) the Company’s compliance with legal and regulatory requirements; (iv) the independent registered public accounting firm’s qualifications and independence; (v) and the performance of the Company’s independent registered public accountants.

§ Prepare the Audit Committee report that SEC rules require to be included in the Company’s annual proxy statement.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent registered public accountants, and management of the Company, and to determine that all parties are aware of their responsibilities.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining internal control over financial reporting. The independent registered public accountants are responsible for auditing the Company’s financial statements and for reviewing the Company’s unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to monitor

the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

1. The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the independent registered public accountants (including resolution of disagreements between management and the auditor regarding financial reporting and internal control-related matters) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company, and the independent registered public accountants must report directly to the Committee.
2. At least annually, the Committee shall obtain and review a report by the independent registered public accountants describing: (i) the firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent registered public accountants and the Company (to assess the auditors' independence).
3. After reviewing the foregoing report and the independent registered public accountants' work throughout the year, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management.
4. The Committee shall determine that the independent registered public accounting firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.
5. The Committee shall pre-approve all audit and non-audit services provided by the independent registered public accountants, including specific pre-approval of internal control-related services, and shall receive certain disclosure, documentation, and discussion of non-prohibited tax services by the independent registered public accountant. The Committee shall not engage the independent registered public accountants to perform non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
6. The Committee shall discuss with the independent registered public accountants the overall scope and plans for their audits, including the adequacy