

E COM VENTURES INC  
Form PREM14A  
March 12, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**E Com Ventures, 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:

Common Stock, \$0.01 par value

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

7,400,000

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(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):

Transaction Value of \$155,770,000 calculated by multiplying \$21.05, the average of the high and low sales price of the registrant's common stock on March 10, 2008, as reported on the NASDAQ Stock Market, by 7,400,000, the number of shares issuable in the transaction described in this proxy statement. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000393 by the amount determined in the preceding sentence.

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(4) Proposed maximum aggregate value of transaction:

\$155,770,000

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(5) Total fee paid:

\$6,121.76

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.. Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**E Com Ventures, Inc.**

**251 International Parkway**

**Sunrise, Florida 33325**

[ ], 2008

To our Shareholders:

You are invited to attend a special meeting of E Com Ventures shareholders to be held at [ ] a.m. on [ ], 2008 at [ ]. We have signed an agreement to merge our business with Model Reorg, Inc., a diversified U.S. wholesale and retail fragrance company that had unaffiliated net sales of \$302.5 million for its fiscal year ended October 31, 2007. The combination will create a large, independent, national, vertically integrated wholesale distributor and specialty retailer of perfumes and fragrances that we expect will be well-positioned to compete in the marketplace and drive growth, as well as to benefit from increased operating scale. The principal purpose of the special meeting is to take actions necessary to complete the merger, including approving the issuance of shares of our common stock and warrants in the merger and approving an amendment to our Amended and Restated Articles of Incorporation to increase the authorized number of shares of our common stock.

In the merger, we will issue 5,900,000 shares of our common stock and warrants (not exercisable for the first three years) to purchase 1,500,000 shares at an exercise price of \$23.94 per share in exchange for all the capital stock of Model Reorg. Model Reorg's majority owners are Stephen L. Nussdorf and Glenn H. Nussdorf and their sister, Arlene Nussdorf. Stephen and Glenn Nussdorf currently beneficially own approximately 44.5% of our common stock and will beneficially own approximately 53.7% of our common stock after the merger, exclusive of shares issuable upon exercise of the warrants. Including shares received by Arlene Nussdorf in the merger, these Nussdorf family members would beneficially own approximately 72.3% of our capital stock in aggregate, or 75.7% assuming exercise of their warrants. Our other existing shareholders will continue to own the same number of shares as before the merger.

Our Board of Directors formed a special committee of independent directors to review the proposed merger. The special committee retained its own legal counsel, obtained valuation advice and a fairness opinion from an independent investment bank, and negotiated the terms of the merger with Model Reorg. On the special committee's recommendation, our Board determined that the terms of the merger are fair to our shareholders (other than those who are Model Reorg shareholders). The Board believes that combining Model Reorg with E Com Ventures will create valuable synergies and scale that will benefit all shareholders and recommends that you approve the proposals described in the accompanying Proxy Statement.

Our Board also approved changing our corporate name to Perfumania Holdings, Inc. to capitalize on the market recognition of our most important tradename, and we are also asking for your approval of this change at the special meeting.

The attached Proxy Statement describes the proposed merger and the actions to be taken at the special meeting. Please read the entire Proxy Statement carefully, including the Risk Factors section, before voting.

We are very excited about the opportunities this merger brings to our shareholders, and we thank you for your consideration and continued support.

Sincerely,

*/s/ Michael W. Katz*  
Michael W. Katz  
*President and Chief Executive Officer*

**YOUR VOTE IS IMPORTANT PLEASE SIGN, DATE AND RETURN THE ENCLOSED**

**PROXY CARD OR VOTING INSTRUCTION FORM**

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**E Com Ventures, Inc.**

**251 International Parkway**

**Sunrise, Florida 33325**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

*To our Shareholders:*

A Special Meeting of shareholders of E Com Ventures, Inc. will be held at [ ] a.m. on [ ], [ ], 2008 at [ ] for the purpose of considering and acting upon the following:

1. Approving the issuance of shares of common stock and warrants under the Agreement and Plan of Merger dated as of December 21, 2007 by and among E Com Ventures, Inc., Model Reorg, Inc., the shareholders of Model Reorg, and Model Reorg Acquisition LLC, and the issuance of our common stock upon exercise of such warrants;
  2. Approving an amendment to E Com Ventures Articles of Incorporation to increase the number of shares of common stock we are authorized to issue from 6,250,000 shares to 20,000,000 shares;
  3. Approving an amendment to E Com Ventures Articles of Incorporation to change our corporate name to Perfumania Holdings, Inc.;
  4. If necessary or appropriate, approving a proposal to postpone or adjourn the Special Meeting to enable us to solicit additional proxies in favor of the foregoing proposals; and
  5. Such other business as may properly come before the Special Meeting.
- Any action may be taken on the foregoing proposals at the Special Meeting on the date specified above or on any date or dates to which the Special Meeting may be postponed or adjourned.

Shareholders of record at the close of business on [ ], 2008 are entitled to notice of, and to vote at, the Special Meeting or at any postponements or adjournments of the Special Meeting.

By Order of the Board of Directors,

/s/ Donovan Chin  
Donovan Chin  
*Chief Financial Officer and Secretary*

Sunrise, Florida  
[ ], 2008

**YOUR VOTE IS IMPORTANT**

**IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION FORM AS SOON AS POSSIBLE IN THE ENCLOSED POSTAGE PRE-PAID ENVELOPE.**

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**E COM VENTURES, INC.**

**SPECIAL MEETING OF SHAREHOLDERS**

**PROXY STATEMENT**

This Proxy Statement contains information about the Special Meeting of Shareholders of E Com Ventures, Inc. to be held on [ ], [ ], 2008, beginning at [ ] a.m., at [ ]. The approximate date that this Proxy Statement, the accompanying Notice of Special Meeting and the enclosed form of proxy are first being sent to shareholders is [ ], 2008.

In this proxy statement, when we use the terms:

E Com Ventures ) E Com ) we, us, or our	we are referring to E Com Ventures, Inc.
Model Reorg	we are referring to Model Reorg, Inc.
Merger Agreement	we are referring to the Agreement and Plan of Merger dated as of December 21, 2007 by and among E Com Ventures, Model Reorg, the shareholders of Model Reorg, and our subsidiary, Model Reorg Acquisition LLC (which we refer to as Merger Sub ). A copy of the Merger Agreement appears in Annex I to this Proxy Statement.
Merger	we are referring to the merger of Model Reorg with Merger Sub on the terms and conditions of the Merger Agreement.
Merger Consideration	we are referring to the 5,900,000 shares of our common stock, \$0.01 par value (which we refer to as our common stock ), and warrants to purchase 1,500,000 shares of common stock at an exercise price of \$23.94 per share (which we refer to as the Warrants ), that we will issue to Model Reorg s shareholders in the Merger.
Special Committee	we are referring to the committee of independent members of our Board of Directors, who have no interest in Model Reorg, which was appointed by our Board to review and negotiate the terms of the Merger
combined company	we are referring to E Com Ventures following the Merger, owning and operating Model Reorg s business as a wholly-owned subsidiary. The combined company will be called Perfumania Holdings, Inc. if shareholders approve the name change proposal.



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**QUESTIONS AND ANSWERS ABOUT THE MERGER  
AND THE SPECIAL SHAREHOLDERS MEETING**

This section provides brief answers to questions you may have about the Merger and the Special Meeting. For more complete responses to these questions and for additional information, please read this Proxy Statement in its entirety.

*Q: Why are you receiving this Proxy Statement?*

A: We have signed an agreement to merge our business with Model Reorg. In order for us to complete the Merger, our shareholders must vote to approve (i) the issuance of our common stock and Warrants to the owners of Model Reorg, including the issuance of common stock upon exercise of the Warrants, and (ii) an amendment to our Amended and Restated Articles of Incorporation, as amended to date (which we refer to as our Articles of Incorporation ), to increase the number of authorized shares of our common stock in order that we have enough shares to issue in connection with the Merger and for future business purposes.

We are also seeking shareholder approval to change our corporate name to Perfumania Holdings, Inc.

We are sending this Proxy Statement and the enclosed proxy card to our shareholders to solicit their vote on these proposals at the Special Meeting. This Proxy Statement contains important information about the Merger and the proposals to be approved.

*Q: What will happen in the Merger?*

A: Model Reorg will merge into Merger Sub, and the surviving entity will continue as our wholly-owned subsidiary. The Model Reorg shareholders will surrender their shares of Model Reorg common stock and, in exchange, we will issue them 5,900,000 shares of our common stock and Warrants to purchase 1,500,000 shares of our common stock at an exercise price of \$23.94 per share. The Merger Consideration will represent approximately 66% of our outstanding shares upon the closing of the Merger and approximately 71% after exercise of all the Warrants. Further details of the Merger are provided under Approval to Issue Shares and Warrants Terms of the Merger Agreement.

*Q: How will the share ownership of E Com Ventures largest shareholders change in the Merger?*

A: Stephen L. Nussdorf and Glenn H. Nussdorf will remain our largest shareholders. They currently own in the aggregate approximately 36.4% of our outstanding common stock, or approximately 44.5% assuming conversion into shares of a \$5.0 million subordinated convertible promissory note we issued for a loan they made to us in 2004, which we refer to as the Convertible Note. Stephen and Glenn Nussdorf and their sister, Arlene Nussdorf, also own an aggregate of 88.8% of the outstanding shares of Model Reorg. After the Merger, Stephen and Glenn Nussdorf would own an aggregate of approximately 53.7% of our outstanding common stock, assuming conversion of the Convertible Note, and they would hold Warrants that would, upon exercise, result in their owning up to an aggregate of approximately 57.7% of our shares. Arlene Nussdorf, who is not a current E Com shareholder, would acquire approximately 19.5% of our common stock in the Merger, or 23.3% assuming exercise of her Warrants.

*Q: What will happen to the other E Com Ventures shareholders?*

A: Our shareholders will not exchange their shares in the Merger. You will continue to own the same number of shares of our common stock that you owned immediately before the Merger. Because we will issue new shares to the current shareholders of Model Reorg, the percentage interest of E Com Ventures that your shares represent will be reduced. However, we will be a bigger company as a result of acquiring Model Reorg. See Selected Historical and Pro Forma Combined Financial Data Comparative Historical and Unaudited Pro Forma Combined Per Share Data for more information on the effect of the Merger on our shareholders ownership.

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*Q: Should you send in your share certificates?*

A: No. Your share certificates will not be exchanged in the Merger.

*Q: Do you have appraisal rights?*

A: No. Our shareholders do not have appraisal rights under Florida law in connection with the Merger.

*Q: Has the E Com Ventures Board of Directors made a recommendation on how you should vote?*

A: Yes. Based on the Special Committee's recommendation, our Board of Directors has recommended that you vote FOR the issuance of the Merger Consideration and both amendments to our Articles of Incorporation. The reasons for our Board's recommendations are discussed in detail in [Approval to Issue Shares and Warrants](#), [Reasons for the Merger](#), [Authorization of Additional Shares](#), [Reasons for and Effect of the Amendment](#), and [Name Change](#), [Reasons for the Change](#) below.

*Q: Have the Model Reorg shareholders approved the Merger?*

A: Yes. In addition, those Model Reorg shareholders who also own shares of our common stock have agreed to vote their E Com shares in favor of the Merger.

*Q: When do you expect the Merger to be completed?*

A: We are working towards completing the Merger as quickly as possible. We hope to complete it during the second quarter of our 2008 fiscal year.

*Q: Where can I find more information about the companies?*

A: In addition to the descriptions under [Information about E Com Ventures](#) and [Information about Model Reorg](#), you can find more information about E Com Ventures from the sources described under [Where You Can Find More Information](#). Because Model Reorg is a private company that does not file reports with the Securities and Exchange Commission (SEC), there is limited information publicly available about Model Reorg other than what has been provided in this Proxy Statement.

*Q: Are there risks I should consider in deciding whether to vote to approve the issuance of the Merger Consideration pursuant to the Merger Agreement?*

A: Yes. In evaluating the issuance of the Merger Consideration under the Merger Agreement, you should carefully consider the information discussed in [Risk Factors](#) and [Forward-Looking Statements](#) and the other considerations described in this Proxy Statement.

*Q: Who will be the Board of Directors and management of E Com Ventures after the Merger?*

A: We do not anticipate that our Board of Directors will change at the time of the Merger. Model Reorg officers will join our management team as the larger Model Reorg business is absorbed into ours, but their respective assignments have not all been determined. More information about our Board and our and Model Reorg's present management appears under [Approval to Issue Shares and Warrants](#), [Management Following the Merger](#).

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*Q: Why am I being asked to approve amendments to E Com Ventures Articles of Incorporation?*

A: An amendment to our Articles of Incorporation increasing the number of shares we may issue is necessary for us to complete the Merger. We need our shareholders to approve the share increase so that we will have enough authorized shares to issue to Model Reorg's shareholders as required by the Merger Agreement, and for future business purposes.

In order to accomplish the proposed name change to Perfumania Holdings, Inc., we also need to amend our Articles of Incorporation.

*Q: When and where is the Special Meeting and who is entitled to vote?*

A: The Special Meeting will take place on [ ], [ ], 2008 at [ ] a.m., at [ ]. Holders of record of our common stock as of the close of business on [ ], 2008 are entitled to vote at the Special Meeting or any postponement or adjournment of the Special Meeting.

*Q: What shareholder approvals are required to approve the proposals?*

A: The affirmative vote of a majority of the votes cast is required to approve each proposal.

*Q: What do I need to do now?*

A: You should carefully read and consider the information contained in this Proxy Statement, including the Annexes. You should then complete, sign, and return the enclosed proxy card or voting instruction form in accordance with the accompanying instructions.

*Q: If my E Com Ventures shares are held in street name by a broker or bank, will it vote my shares for me?*

A: If you do not provide your broker or bank with instructions on how to vote your shares, it will not be permitted to vote them at the Special Meeting. You should be sure to return the enclosed voting instruction form with instructions on how to vote your shares.

*Q: May I vote in person?*

A: If your shares of common stock are registered directly in your name with our transfer agent, you are considered a shareholder of record and we have sent the Proxy Statement and proxy card directly to you. If you are a shareholder of record, you may attend the Special Meeting and vote your shares in person.

If your shares of common stock are held in the name of your broker or other financial institution, which is usually the case if you hold them in a brokerage or similar account, your shares are held in street name and your broker or other financial institution is the shareholder of record. It has sent the Proxy Statement to you with a voting instruction form. As the beneficial owner, you are also invited to attend the Special Meeting. However, only your broker or other financial institution is authorized to vote or grant a proxy for those shares. Accordingly, if you wish to vote those shares in person at the Special Meeting, you must contact your broker or other financial institution to obtain a proxy, which you must bring to the meeting.

Whether or not you intend to vote in person at the Special Meeting, we request that you sign and return the enclosed proxy card or voting instruction form in the enclosed envelope in case you are unable to attend. This will not prevent you from voting in person if you do attend.

*Q: Can I vote by telephone or electronically?*

A: We have not established procedures to allow telephone or electronic voting by shareholders of record. Owners of shares held in street name may vote by telephone or the Internet if their bank or broker makes those methods available, in which case your bank or broker will have enclosed the instructions with this Proxy Statement.

*Q: What happens if I do not return a proxy card or otherwise provide voting instructions?*

A: If you are in favor of the Merger, you should return your proxy card or voting instruction form. Your failure to return your proxy card or otherwise provide voting instructions with respect to any of the proposals will not have the effect of a vote for or against the proposal.



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*Q: What do I do if I want to change my vote?*

A: A shareholder giving a proxy has the power to revoke it at any time before the vote is taken at the Special Meeting by:

if you are a shareholder of record, submitting to our Corporate Secretary (at 251 International Parkway, Sunrise, Florida 33325) a written instrument revoking the proxy;

if you are a beneficial owner of shares held in street name, following the instructions you received;

submitting a duly executed proxy card or voting instruction form bearing a later date; or

voting in person at the Special Meeting.

*Q: Who should I call if I have questions about the Special Meetings or the Merger?*

A: You may call [proxy advisor] at (\_\_\_\_) \_\_\_\_-\_\_\_\_.

*Q: How can I find out the results of the voting at the Special Meeting?*

A: Preliminary voting results will be announced at the Special Meeting. Final voting results will be published in our public filings filed with the SEC after the date of the Special Meeting.

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**SUMMARY**

This summary highlights selected information from this Proxy Statement and may not contain all of the information that is important to you. For a more complete description of the terms of the Merger and the proposals to be approved at the Special Meeting, you should read this entire Proxy Statement carefully.

**The Companies**

**E Com Ventures, Inc.**

251 International Parkway

Sunrise, Florida 33325

(954) 335-9100

E Com Ventures is a retailer and wholesaler of fragrances and related products and other specialty items. It does business through two wholly-owned subsidiaries, Perfumania, Inc. ( Perfumania ) and perfumania.com, Inc. Perfumania is a specialty retailer and wholesale distributor of a wide range of brand name and designer fragrances. It operates a chain of retail stores selling fragrances at discounted prices, which are generally located in regional malls, manufacturers' outlet malls, lifestyle centers, airports and suburban strip shopping centers. Perfumania's wholesale division distributes fragrances and related products, primarily to Model Reorg. Also, perfumania.com offers a selection of E Com Ventures' more popular products for sale over the Internet and serves as an alternative shopping experience for Perfumania retail customers.

E Com Ventures is a publicly-traded corporation. Its common stock is traded on the NASDAQ Capital Market under the symbol ECMV. Refer to Information About E Com Ventures and Security Ownership of Certain Beneficial Owners and Management for more information. You may also find more information about us and our subsidiaries at [www.ecomv.com](http://www.ecomv.com) and [www.perfumania.com](http://www.perfumania.com). (The information at these websites is not incorporated by reference into this Proxy Statement.)

**Model Reorg, Inc.**

35 Sawgrass Drive

Bellport, New York 11713

(631) 866-4100

Model Reorg is a privately-owned, diversified fragrance company that manufactures and distributes nationally advertised designer fragrances through its subsidiaries. The wholesale division, which we refer to as Quality Fragrance Group, primarily distributes fragrances to mass merchandisers, drug store chains, specialty outlets, including Perfumania, and distributors. The retail division, which we refer to as Scents of Worth, sells products in retail stores on a consignment basis. The manufacturing division, which we refer to as Five Star, owns and licenses designer fragrance brands and contracts with third parties for the manufacture of owned and licensed brands. Refer to Information About Model Reorg and Security Ownership of Certain Beneficial Owners and Management for more information.

**Recommendation of our Board of Directors and Special Committee; Reasons for the Merger**

(see pp. 26, 35 and 58)

The Special Committee of our Board of Directors unanimously approved the Merger and the adoption of the Merger Agreement. In approving the Merger and the Merger Agreement, our Board of Directors unanimously determined that the terms of the Merger are fair to our shareholders, other than those who also hold securities of Model Reorg. The Board has recommended that you vote FOR the share and Warrant issuance and the amendments to our Articles of Incorporation. The Board and the Special Committee believe that the Merger will improve our competitive position and ability to grow, as well as permit us to benefit from increased operating



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scale. The factors the Board and the Special Committee relied on to approve the Merger and related transactions and to recommend shareholder approval are described in more detail under [Approval to Issue Shares and Warrants](#), [Reasons for the Merger](#), [Recommendations of the Special Committee](#) and our Board of Directors, and [Opinion of Financo](#).

### **Opinion of Financo**

(see p. 35)

In considering whether to recommend approval of the Merger and Merger Agreement, the Special Committee received a written opinion of Financo, Inc., which we refer to as [Financo](#), that the Merger Consideration is fair, from a financial point of view, to our shareholders (other than those who own, or whose affiliates own, securities of Model Reorg), as of December 21, 2007, the date the Merger Agreement was signed. The full text of the Financo opinion is attached to this Proxy Statement as Annex II. You are encouraged to read the opinion carefully and in its entirety for a description of the assumptions made, matters considered and limitations on the review undertaken. [Financo's](#) opinion was delivered to the Special Committee and addresses only the fairness, from a financial point of view, of the Merger Consideration. The opinion does not constitute a recommendation to any shareholder as to how a shareholder should vote at the Special Meeting. See [Approval to Issue Shares and Warrants](#), [Opinion of Financo](#).

### **Overview of the Merger and the Merger Agreement**

(see p. 46)

At the closing under the Merger Agreement, Model Reorg will merge into Merger Sub, and the surviving entity will continue Model Reorg's business as our wholly-owned subsidiary. At that time, all issued and outstanding shares of Model Reorg common stock will be exchanged for an aggregate of 5,900,000 shares of our common stock and Warrants to purchase 1,500,000 shares of our common stock at an exercise price of \$23.94 per share. The Warrants will not be exercisable until the third anniversary of the closing of the Merger (except upon a change of control of E Com), after which they will be exercisable until the tenth anniversary. The Merger Consideration will be allocated among the Model Reorg shareholders in accordance with their interests in Model Reorg. We will retain in escrow 295,000 shares from the Merger Consideration in order to secure our indemnification rights under the Merger Agreement. We currently expect the Merger to occur during the second quarter of our 2008 fiscal year. At that time, we will enter into certain agreements and Model Reorg will refinance certain debt it currently owes to an affiliated company, as described below under [Approval to Issue Shares and Warrants](#), [Terms of the Merger Agreement](#) and [Affiliate Debt](#).

### **Increase in Authorized Shares**

(see p. 60)

Our Board of Directors has approved increasing our authorized number of shares of common stock to 20,000,000, subject to shareholder approval, in order to have enough shares to complete the Merger and for future business purposes. Our Articles of Incorporation currently authorize the issuance of up to 6,250,000 shares of common stock. On [\[Record Date\]](#), [\[3,059,041\]](#) shares of our common stock were outstanding and [\[592,141\]](#) shares were reserved for issuance upon exercise of stock options and conversion of the Convertible Note. We will issue 5,900,000 shares to the Model Reorg shareholders at the closing of the Merger, and will issue up to an additional 1,500,000 shares if all the Warrants are exercised. The proposed amendment to our Articles of Incorporation will authorize a sufficient number of shares for these purposes, as well as a reasonable additional number of shares for future issuances.



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pursuant to benefit plans, for financings or acquisitions, or otherwise. Except for issuances pursuant to our equity compensation plans for directors, employees and independent contractors, we have no current plans to issue any other shares of common stock.

### **Name Change**

(see p. 61)

Our Board of Directors has approved changing our corporate name from E Com Ventures, Inc. to Perfumania Holdings, Inc., subject to shareholder approval. Perfumania is the distinctive tradename by which we are known in the marketplace and will provide a strong corporate and commercial identification for the combined company. If this proposal is approved by the shareholders, we anticipate that our ticker symbol on the NASDAQ Capital Market will be changed to PERF.

### **Date, Time and Place of the Special Meeting**

(see p. 23)

The Special Meeting will be held at [ ], at [ ] a.m. on [ ], [ ], 2008.

### **Record Date and Voting Rights for the Special Meeting**

(see p. 23)

Only holders of record of our common stock at the close of business on [ ], 2008 (the Record Date ) will be entitled to vote at the Special Meeting or any postponement or adjournment of the Special Meeting. On the Record Date, there were [3,059,041] shares of common stock outstanding and entitled to vote. Each share of our common stock is entitled to one vote on each matter to be voted upon at the Special Meeting. The presence at the Special Meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of our common stock is required for a quorum.

### **Required Votes**

(see p. 24)

Approval of each proposal requires the affirmative vote of a majority of the total votes cast on the proposal. Accordingly, abstentions and broker non-votes will have no effect on the vote on any proposal. Glenn and Stephen Nussdorf, who held an aggregate of [36.4]% of our outstanding common stock on the Record Date, have agreed to vote their shares in favor of all the proposals.

### **Adjournment**

(see p. 61)

If necessary or appropriate, shareholders will be asked to approve a proposal to postpone or adjourn the Special Meeting to a later time in order for us to solicit additional proxies in favor of any of the proposals. In any event, the Special Meeting may be adjourned if a quorum is not present.

### **No Appraisal or Preemptive Rights**

(see p. 56)

Our shareholders will not be entitled to demand appraisal of, or exercise dissenters' rights with respect to, their shares in connection with the matters to be approved at the Special Meeting. Our shareholders do not have preemptive rights to purchase any of the shares or Warrants to be issued in connection with the Merger.



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### **Management Following the Merger**

(see p. 56)

We do not anticipate that our Board of Directors will change at the time of the Merger. We expect that the Model Reorg management team will be integrated with our management team as the larger Model Reorg business is absorbed into ours.

### **Interests of Certain Directors and Officers of E Com Ventures**

(see p. 46)

Some of our directors and officers have interests in the Merger that are in addition to those of our other shareholders and that may influence them to support the Merger without regard to your interests. See [Approval to Issue Shares and Warrants](#) [Interests of Certain Persons in the Merger](#) for more information.

### **Risk Factors**

(see p. 16)

We and Model Reorg are subject to various risks associated with our respective businesses and industries. In addition, the Merger, including the possibility that it may not be completed, poses a number of risks to us and our shareholders, including the following:

The Merger may be completed even though material adverse changes may result from economic or industry changes or other causes that could reduce the value of the Merger to our shareholders.

Even if the Merger is completed, the costs to do so may be higher than projected for any of a number of reasons, reducing the anticipated benefit to our shareholders.

If the combined company does not realize the anticipated benefits from the Merger, the market price of our common stock may decline, and our shareholders may not realize a benefit despite the ownership dilution they will experience in connection with the Merger.

These and other risks are discussed in greater detail under [Risk Factors](#). In addition, risks related to our current business, which will continue to exist whether or not the Merger occurs, are described in our periodic reports filed with the SEC. You are encouraged to read and consider all of these risks carefully before you vote.

### **U.S. Federal Income Tax Consequences to E Com Ventures and its Shareholders**

(see p. 57)

Because our shareholders will not be exchanging their shares in the Merger, the closing of the Merger and related transactions under the Merger Agreement will not have any U.S. federal income tax consequences to the holders of our common stock. As a tax-free reorganization under the Internal Revenue Code of 1986, as amended (the [Internal Revenue Code](#)), the Merger will not be taxable to us or Model Reorg for U.S. federal income tax purposes. The Merger will have the effect of limiting our ability to use our net operating losses from prior periods to reduce taxable income in the future.

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### **Anticipated Accounting Treatment**

(see p. 57)

We expect to treat the Merger as a reverse acquisition under the purchase method of accounting in accordance with accounting principles generally accepted in the United States of America. For accounting purposes, Model Reorg is considered to be acquiring us in the Merger, so Model Reorg's financial statements, showing its acquisition of us, will be the combined company's financial statements from and after the Merger. However, the combined company will continue to use our fiscal year end, the Saturday closest to January 31, which is conventional for retailing businesses.

### **Regulatory Approvals**

(see p. 58)

In order to complete the Merger we and Model Reorg were required to make certain filings with the Federal Trade Commission and wait until the applicable period for review had expired or been terminated. We and Model Reorg filed the required notification on January 24, 2008 and, on February 1, 2008, the Federal Trade Commission granted early termination of the waiting period.

### **NASDAQ Capital Market Listing**

(see p. 58)

We may be required to reapply for listing on the NASDAQ Capital Market in accordance with NASDAQ's reverse merger rules. If such an application is required, and is accepted, our common stock will continue to be listed on the NASDAQ Capital Market following the closing of the Merger. Since it is a condition to closing the Merger that we continue to be listed, if the application is not accepted, the Merger will not occur unless we and Model Reorg waive that condition.

### **Projections**

(see p. 99)

Neither we nor Model Reorg, as a matter of course, make public projections as to future sales, earnings, or other results. However, our and Model Reorg's management prepared the prospective financial information set forth under Projections to present certain projections of financial performance that were provided to the Special Committee and Financo. This prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of our and Model Reorg's management, was prepared on a reasonable basis, reflects the best estimates and judgments available as of the date of their preparation, and presents, to the best of each management's knowledge and belief, the expected course of action and the expected future financial performance of the respective company. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Proxy Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by our and Model Reorg's management as of the date of its preparation, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information, including, among others, the risks and uncertainties described in Risk Factors and Forward-Looking Statements. Accordingly, there can be no assurance that the prospective results are indicative of our future performance or that of the combined company or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this Proxy Statement should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

## Edgar Filing: E COM VENTURES INC - Form PREM14A

We and Model Reorg do not generally publish our respective business plans and strategies or make external disclosures of our respective anticipated financial position or results of operations. Accordingly, neither we nor Model Reorg intends to update or otherwise revise the prospective financial information to reflect circumstances existing or events occurring, including changes in general economic or industry conditions, since its preparation, even if any or all of the underlying assumptions are shown to be in error.

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**SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA**

The following tables present selected historical financial data, selected unaudited pro forma combined financial data, and comparative historical and unaudited pro forma per share data.

**Selected Historical Financial Data of E Com Ventures**

The selected historical financial data provided below for our fiscal years ended February 3, 2007, January 28, 2006, and January 29, 2005, and as of February 3, 2007 and January 28, 2006, have been taken or derived from our audited consolidated financial statements included in this Proxy Statement. The selected historical financial data provided below for and as of the thirty-nine week periods ended November 3, 2007 and 2006 have been taken or derived from our unaudited condensed consolidated financial statements included in this Proxy Statement. These unaudited consolidated historical financial statements include all adjustments (consisting only of normal recurring adjustments) that in the opinion of our management are necessary for a fair presentation of our financial position and results of operations for these interim periods. Historical operating results of interim fiscal periods are not necessarily indicative of results that may be expected for the full year, particularly since our sales have been significantly higher in the fourth fiscal quarter than in the other quarters due primarily to increased purchases of fragrances as gift items during the holiday season. The selected financial data for the fiscal years ended January 31, 2004 and February 1, 2003, and as of January 29, 2005, January 31, 2004 and February 1, 2003, have been taken or derived from our audited consolidated financial statements for those years, which are not included in this Proxy Statement. This information is only a summary and you should read it together with our Management's Discussion and Analysis of Financial Condition and Results of Operations and historical financial statements and related notes contained elsewhere in this Proxy Statement. These historical results are not necessarily indicative of results to be expected in any future period.

Our fiscal year results are based on a fifty-two or fifty-three week retail calendar ending on the Saturday closest to January 31. All references herein to fiscal years are to the calendar year in which the fiscal year begins; for example, fiscal year 2006 refers to the fiscal year that began on January 29, 2006 and ended on February 3, 2007. With the exception of fiscal year 2006, which contained fifty-three weeks, all fiscal years presented below contain fifty-two weeks. Our comparable store sales relate to retail stores that had been open for one year or more at the end of the period presented. For fiscal year 2006, this comparison has been adjusted to a fifty-two week basis by excluding the sales of the fifty-third week.

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	Thirty-Nine Weeks Ended		Fiscal Year Ended				
	November 3, 2007	October 28, 2006	February 3, 2007	January 28, 2006	January 29, 2005	January 31, 2004	February 1, 2003
<i>(\$ in thousands, except per share amounts)</i>							
<b>Statement of Operations Data:</b>							
Net sales, retail division	\$ 145,121	\$ 139,028	\$ 229,783	\$ 215,841	\$ 201,425	\$ 198,479	\$ 199,369
Net sales, wholesale division	46,292	10,995	13,826	17,853	23,578	14,089	2,145
Total net sales	191,413	150,023	243,609	233,694	225,003	212,568	201,514