

Differential Brands Group Inc.  
Form DEF 14A  
October 30, 2017  
Table of Contents

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

(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

DIFFERENTIAL BRANDS GROUP 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:

Fee paid previously with preliminary materials.

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

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

---

Table of Contents

DIFFERENTIAL BRANDS GROUP INC.

1231 S. Gerhart Avenue

Commerce, California 90022

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held Thursday, November 30, 2017

To the Stockholders of Differential Brands Group Inc.:

Notice is hereby given that the 2017 annual meeting of stockholders (the "Annual Meeting") of Differential Brands Group Inc. (the "Company," "we" or "us") will be held at the offices of Dechert LLP located at 1095 Avenue of the Americas, New York, New York 10036 at 9 am Eastern Standard Time, for the following purposes:

1. To reelect seven directors to serve until the 2018 Annual Meeting of Stockholders or until their respective successors are elected and qualified.
2. To conduct an advisory vote to approve named executive officer compensation.
3. To conduct an advisory vote on the frequency of the advisory vote to approve named executive officer compensation.
4. To approve, under applicable Nasdaq Listing Rules, the removal of the restrictions on the exercise of the SWIMS Warrant and the conversion of the SWIMS Convertible Note to permit the issuance, in excess of 19.99% of the common stock outstanding prior to such issuance, of: (1) the common stock underlying the SWIMS Warrant, (2) the Class A 1 Preferred Stock underlying the SWIMS Convertible Note, and (3) the common stock underlying the Class A 1 Preferred Stock.
5. To ratify the appointment of CohnReznick LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.
6. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

These proposals are described more fully in the enclosed proxy statement, which we urge you to read in its entirety.

The board of directors has fixed the close of business on October 3, 2017 as the record date for determination of stockholders entitled to notice of, and to vote at, the meeting and any of its adjournments or postponements.

You are cordially invited to attend the Annual Meeting in person. You must be a stockholder of record at the close of business on October 3, 2017 to vote at the Annual Meeting.

**YOUR VOTE IS VERY IMPORTANT.** Whether or not you plan to attend the 2017 annual meeting in person, we strongly encourage you to vote. Please vote as soon as possible, even if you plan to attend the 2017 annual meeting in person. If you are unable to attend the Annual Meeting in person you are requested to complete, date and sign the enclosed proxy card and return it promptly in the pre-addressed envelope provided so that it is received by us at least 24 hours before the Annual Meeting or vote by telephone or over the Internet if your voting instruction form describes such voting methods. Your proxy may be revoked at any time before it is voted if you return a later-dated proxy card or if you vote your shares in person at the Annual Meeting if you are the record holder of the shares and can provide a copy of a certificate(s) evidencing your shares.

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority to vote your shares only on routine matters, even if the broker does not receive voting instructions from you.

Your broker does not have discretionary authority to vote on non-routine matters without instructions from you, in which

i

---

Table of Contents

case a “broker non-vote” will occur and your shares will not be voted on such matters. The only routine matter to be voted on at the Annual Meeting is the ratification of the selection of our independent registered public accounting firm (Proposal No. 5). Non-routine matters at the Annual Meeting include the election of directors (Proposal No. 1), the advisory vote to approve named executive officer compensation (Proposal No. 2), the advisory vote on the frequency of the advisory vote to approve named executive officer compensation (Proposal No. 3), and the approval, under applicable Nasdaq Listing Rules, of the removal of the restrictions on the exercise of the SWIMS Warrant and the conversion of the SWIMS Convertible Note to permit the issuance, in excess of 19.99% of the common stock outstanding prior to such issuance, of: (1) the common stock underlying the SWIMS Warrant, (2) the Class A 1 Preferred Stock underlying the SWIMS Convertible Note, and (3) the common stock underlying the Class A 1 Preferred Stock (Proposal No. 4).

October 30, 2017 By Order of the Board of Directors

/s/ William Sweedler  
William Sweedler  
Chairman of the Board of Directors

Table of Contents

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 30, 2017

THE NOTICE OF ANNUAL MEETING, THE PROXY STATEMENT AND OUR ANNUAL REPORT ON  
FORM 10 K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 ARE AVAILABLE ON OUR WEBSITE  
AT [HTTP://WWW.DIFFERENTIALBRANDSGROUP.COM/](http://www.differentialbrandsgroup.com/) UNDER "INVESTOR INFORMATION."

YOUR VOTE IS IMPORTANT. YOU ARE URGED TO FILL IN, DATE AND SIGN THE ENCLOSED  
PROXY CARD AND MAIL IT PROMPTLY IN THE ENVELOPE PROVIDED. YOUR PROMPT  
RETURN OF THE PROXY CARD WILL HELP AVOID THE ADDITIONAL EXPENSE OF  
FURTHER SOLICITATION TO ASSURE A QUORUM AT THE MEETING.

THE ANNUAL MEETING OF STOCKHOLDERS WILL BE HELD ON NOVEMBER 30, 2017.

Table of Contents

EXPLANATORY NOTE

We are a “smaller reporting company,” as defined in Item 10 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and have elected to provide in this proxy statement certain scaled disclosures permitted under the Exchange Act for smaller reporting companies. As a result of being a smaller reporting company, we do not provide pay for performance, compensation and risk and compensation ratio disclosures and compensation committee interlocks disclosures, a compensation discussion and analysis or a compensation committee report, among other disclosures. We will remain a “smaller reporting company” until such time as our public float as of the last business day of our most recently completed second fiscal quarter is at least \$75 million.

Table of Contents

TABLE OF CONTENTS

<u>Notice of Annual Meeting of Stockholders</u>	i
<u>Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on November 30, 2017</u>	iii
<u>Explanatory Note</u>	iv
<u>General Information and Voting Rights</u>	1
<u>Solicitation of Proxies</u>	4
<u>Householding</u>	4
<u>Stockholder List</u>	5
<u>Voting Results of the Annual Meeting</u>	5
<u>Proposal No. 1 — To Reelect Seven Directors to Serve on the Board of Directors Until the 2018 Annual Meeting of Stockholders or Until Their Respective Successors Are Elected and Qualified</u>	6
<u>Background of the Proposal</u>	6
<u>Executive Officers</u>	10
<u>Board Meetings and Board Committee Information</u>	11
<u>Board Meetings</u>	11
<u>Committees and Committee Charters</u>	11
<u>Audit Committee</u>	11
<u>Compensation and Stock Option Committee</u>	12
<u>Nominating and Governance Committee</u>	13
<u>Corporate Governance Matters</u>	14
<u>Director Nominations</u>	14
<u>Corporate Governance Guidelines</u>	14
<u>Board Leadership Structure</u>	14
<u>Compensation of Directors and Officers</u>	15
<u>Code of Business Conduct and Ethics</u>	15
<u>Stockholder Nominations</u>	15
<u>Director Independence</u>	16
<u>Communications with the Board of Directors</u>	17
<u>The Board’s Role in Risk Oversight</u>	17
<u>Director Compensation</u>	17
<u>Executive Compensation</u>	18
<u>Overview</u>	18
<u>“Say on Pay” Vote</u>	19
<u>Compensation Philosophy</u>	19
<u>Elements of Compensation</u>	19
<u>2016 Compensation</u>	20
<u>Summary Compensation Table</u>	20
<u>Outstanding Equity Awards at 2016 Fiscal Year-End</u>	21
<u>Employment Contracts and Termination of Employment and Change in Control Arrangements</u>	22
<u>Potential Payments Upon Termination or Change in Control</u>	26
<u>Equity Compensation Plan Information</u>	26
<u>Certain Relationships and Related Transactions and Director Independence</u>	26
<u>Review and Approval of Related Party Transactions</u>	26
<u>Reportable Related Party Transactions</u>	26



Table of Contents

<u>Report of the Audit Committee</u>	29
<u>Security Ownership of Certain Beneficial owners and Management</u>	31
<u>Proposal No. 2 — To conduct an advisory vote to approve named executive officer compensation</u>	34
<u>Background of the Proposal</u>	