Castle Brands Inc
Form DEF 14A
February 05, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

CASTLE BRANDS INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o 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:

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o Fee paid previously with preliminary materials.

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:

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TABLE OF CONTENTS

CASTLE BRANDS INC.
122 East 42nd Street, Suite 4700
New York, New York 10168
NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 17, 2016

Castle Brands Inc. will hold its 2015 annual meeting of shareholders at the offices of Ladenburg Thalmann & Co. Inc., located at 570 Lexington Avenue, 11th Floor, New York, New York 10022, on March 17, 2016 at 10:00 a.m., for the following purposes, as further described in the attached proxy statement:

1. To elect eight directors to our board of directors;
2. To ratify the appointment of EisnerAmper LLP as our independent registered public accounting firm for fiscal 2016;
3. To approve, on an advisory basis, the compensation of our named executive officers, which we refer to as the say on pay vote; and
4. To transact any other business properly presented at the meeting and at any postponements or adjournments.

You may vote at the meeting and at any adjournment or postponement if you were a record owner of our common stock at the close of business on January 21, 2016.

Your vote is important. Whether or not you plan to attend the 2015 annual meeting, we encourage you to read the attached proxy statement and promptly vote your shares using the enclosed proxy card. Please sign and date the accompanying proxy card and mail it in the enclosed addressed, postage-prepaid envelope. You may also vote your shares over the Internet or by telephone by following the voting instructions on the proxy card. You may revoke your proxy if you so desire at any time before it is voted.

By Order of the Board of Directors

Richard J. Lampen,
President and Chief Executive Officer

New York, New York

February 5, 2016

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

CASTLE BRANDS INC.

PROXY STATEMENT

Our board of directors is soliciting proxies for the 2015 annual meeting of shareholders to be held on March 17, 2016. This proxy statement and the enclosed form of proxy contain important information for you to consider in deciding how to vote on the matters brought before the meeting.

We first sent this proxy statement to shareholders on or about February 5, 2016. Our board of directors set January 21, 2016 as the record date for the meeting. Shareholders of record who owned our stock at the close of business on that date may vote and attend the meeting. As of the record date, we had issued and outstanding 160,034,464 shares of common stock, par value $0.01 per share, which we refer to as common stock. Each holder of our common stock is entitled to one vote for each share of common stock held on the record date.

What matters am I voting on?

You will be voting on:

the election of eight directors to hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified;
the ratification of the appointment of EisnerAmper LLP as our independent registered public accounting firm for fiscal 2016;
the approval, on an advisory basis, of the compensation of our named executive officers; and
any other business that may properly come before the meeting.

Who may vote?

Holders of our common stock at the close of business on January 21, 2016, the record date, may vote at the meeting. On the record date, 160,034,464 shares of our common stock were issued and outstanding. Each holder of our common stock is entitled to one vote for each share held on the record date.

When and where is the meeting?

We will hold the meeting on March 17, 2016, at 10:00 a.m. Eastern Time at the offices of Ladenburg Thalmann & Co. Inc., located at 570 Lexington Avenue, 11th Floor, New York, New York 10022.

If you need directions to the location of the meeting, please contact our Investor Relations Department by: (a) mail at Castle Brands Inc., Attention: Investor Relations, 122 East 42nd Street, Suite 4700, New York, New York 10168, (b) telephone at (646) 356-0200 or (c) e-mail at *ir@castlebrandsinc.com*.

What is the effect of giving a proxy?

Proxies in the form enclosed are solicited by and on behalf of our board of directors. The persons named in the proxy have been designated as proxies by our board of directors. If you sign and return the proxy in accordance with the procedures described in this proxy statement, the persons designated as proxies by the board of directors will vote your shares at the meeting as specified in your proxy.

If you duly execute the proxy card but do not specify how you want to vote, your shares will be voted:

FOR the election as directors of the nominees listed below under Proposal I.
FOR the ratification of the appointment of EisnerAmper LLP as our independent registered public accounting firm for fiscal 2016 as described below under Proposal II.
FOR the approval, on an advisory basis, of the compensation of our named executive officers as described below under Proposal III.

If you give your proxy, the proxies named on the proxy card also will vote your shares in their discretion on any other matters properly brought before the meeting.

1

TABLE OF CONTENTS

Can I change my vote after I voted?

You may revoke your proxy at any time before it is exercised by:

- delivering written notification of your revocation to our Corporate Secretary;
- voting in person at the meeting; or
- delivering another proxy bearing a later date.

Please note that your attendance at the meeting will not alone serve to revoke your proxy.

What is a quorum?

A quorum is the minimum number of shares required to be present at the meeting for the meeting to be properly held under our bylaws and Florida law. The presence, in person or by proxy, of outstanding shares of our common stock representing a majority of all votes entitled to be cast at the meeting will constitute a quorum. A proxy submitted by a shareholder may indicate that all or a portion of the shares represented by the proxy are not being voted on a particular matter, which is referred to as shareholder withholding. Similarly, a broker may not be permitted to vote stock held in street name on a particular matter absent instructions from the beneficial owner of the stock, which is referred to as a broker non-vote. Abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum.

How may I vote?

You may vote your shares by mail or by attending the meeting. You may also vote over the Internet or by telephone using one of the methods described in the proxy card. If you vote by Internet or telephone, please do not return the proxy card. If you vote by mail, date, sign and return the accompanying proxy in the envelope enclosed for that purpose (to which no postage need be affixed if mailed in the United States). You may specify your choices by marking the appropriate boxes on the proxy card. If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you at the meeting.

What is the vote required for each proposal?

Proposal		Vote Required	Broker Discretionary Voting Allowed
Proposal I	Election of eight directors	Plurality of votes cast	No
Proposal II	Ratification of auditors for fiscal 2016	Majority of votes cast	Yes
Proposal III	Advisory vote on executive compensation	Majority of votes cast	No

On Proposal I, you may vote FOR all nominees, WITHHOLD your vote as to all nominees, or vote FOR all nominees except those specific nominees from who you WITHHOLD your vote. The eight nominees receiving the most FOR votes will be elected. A properly executed proxy marked WITHHOLD as to the election of one or more directors will not be voted with respect to the director or directors indicated.

On Proposals II and III, you may vote FOR, AGAINST or ABSTAIN.

Broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming a quorum is obtained, as shares subject to a broker non-vote will not be considered entitled to vote with respect to any of the Proposals. Abstentions will not affect the outcome of any matter being voted on at the meeting, assuming a quorum is obtained, because approval of a percentage of shares present or outstanding is not required for Proposals I, II or III.

Are there any rules regarding admission to the meeting?

Yes. You are entitled to attend the meeting only if you were, or you hold a valid legal proxy naming you to act for, one of our shareholders on the record date. Before we will admit you to the meeting, we must be able to confirm:

Your identity by reviewing a valid form of photo identification, such as a driver s license; and

TABLE OF CONTENTS

You were, or are validly acting for, a shareholder of record on the record date by:

- verifying your name and stock ownership against our list of registered shareholders, if you are the record holder of your shares;
- reviewing other evidence of your stock ownership, such as your most recent brokerage or bank statement, if you hold your shares in street name; or
- reviewing a written proxy that shows your name and is signed by the shareholder you are representing, in which case either the shareholder must be a registered shareholder or you must have a brokerage or bank statement for that shareholder as described above.

If you do not have a valid picture identification and proof that you owned, or are legally authorized to act for someone who owned, shares of voting stock on January 21, 2016, you will not be admitted to the meeting.

At the entrance to the meeting, we will verify that your name appears in our stock records or will inspect your brokerage or bank statement as your proof of ownership and any written proxy you present as the representative of a shareholder. We will decide whether the documentation you present for admission to the meeting meets the requirements described above.

What is the householding of annual disclosure documents?

The Securities and Exchange Commission, which we refer to as the SEC, has adopted rules governing the delivery of annual disclosure documents that permit us to send a single set of our annual report and proxy statement to any household at which two or more shareholders reside if we believe that the shareholders are members of the same family. This rule benefits both shareholders and us by reducing the volume of duplicate information received and our expenses. Each shareholder will continue to receive a separate proxy card. If your household received a single set of disclosure documents for this year, but you would prefer to receive your own copy, or if you share an address with another shareholder and together both of you wish to receive only a single set of our annual disclosure documents, please contact our Investor Relations Department by: (a) mail at Castle Brands Inc., Attention: Investor Relations, 122 East 42nd Street, Suite 4700, New York, New York 10168, (b) telephone at (646) 356-0200 or (c) e-mail at *ir@castlebrandsinc.com*.

Our 2015 annual report, including financial statements for the fiscal year ended March 31, 2015, accompany the proxy solicitation materials. The annual report, however, is not part of the proxy solicitation materials.

Share Ownership

The table below shows the number of shares of our common stock beneficially owned as of January 21, 2016 by (i) those persons or groups known by us to beneficially own more than 5% of our common stock, (ii) each of our current directors and director nominees, (iii) each of our executive officers named in the Summary Compensation Table below, whom we refer to as named executive officers, and (iv) all current directors and executive officers as a group. The number of shares beneficially owned by each individual or group is based upon information in documents filed with the SEC, other publicly available information or information available to us. Percentage ownership information is based on 160,034,464 shares of our common stock issued and outstanding as of January 21, 2016.

Shares of our common stock issuable upon the exercise of options or warrants that are presently exercisable or exercisable within 60 days of January 21, 2016 are deemed to be outstanding and beneficially owned by the person holding the options or warrants for the purpose of computing the percentage of ownership of that person, but are not treated as outstanding for the purpose of computing the percentage of any other person.

3

TABLE OF CONTENTS

Name and Address of Beneficial Owner	Beneficial ownership of our common stock Number of Shares	Percent
Phillip Frost, M.D. and related entities(1) 4400 Biscayne Blvd., Suite 1500 Miami, FL 33137	53,893,662	33.5 %
Vector Group Ltd.(2) 4400 Biscayne Blvd., 10th Floor Miami, FL 33137	12,893,382	8.0 %
Mark Andrews(3)	5,717,978	3.6 %
John Beaudette(4)	153,746	*
Henry C. Beinstein(5)	280,000	*
John S. Glover(6)	1,452,927	*
Glenn L. Halpryn(7)	4,474,267	2.8 %
Dr. Richard M. Krasno	20,000	*
Richard J. Lampen(8)	4,737,276	2.9 %
Alejandra Peña(9)	82,500	*
Steven D. Rubin(10)	181,000	*
Alfred J. Small(11)	498,216	*
T. Kelley Spillane(12)	592,513	*
Mark Zeitchick(13)	75,000	*
All directors and executive officers as a group (13 persons)(14)	72,159,084	43.2 %

* Less than 1 percent.

(1) Includes 200,000 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016. Also includes 9,370,790 shares of common stock held by Frost Nevada Investments Trust. Frost-Nevada Limited Partnership is the sole and exclusive beneficiary of Frost Nevada Investments Trust. Dr. Frost is one of five limited partners of Frost-Nevada Limited Partnership and the sole shareholder of Frost-Nevada Corporation, which is the sole general partner of Frost Nevada Limited Partnership. Dr. Frost disclaims beneficial ownership of the shares held by Frost Nevada Investments Trust, except to the extent of his pecuniary interest. Also includes (i) 43,167,540 shares of common stock held by Frost Gamma Investments Trust, of which Dr. Frost is the trustee and (ii) 555,556 shares of common stock issuable upon conversion of $500,000 aggregate principal amount of convertible notes held by Frost Gamma Investments Trust. Frost Gamma Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma, Inc., and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation. Dr. Frost disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest.

(2) This information has been derived from a Schedule 13D, as amended, filed with the SEC on March 14, 2014. Includes 222,223 shares of common stock issuable upon conversion of $200,000 aggregate principal amount of convertible notes. Excludes (i) 4,737,276 shares of common stock beneficially owned by Richard J. Lampen, the executive vice president of Vector Group Ltd., and a director and the president and chief executive officer of our company, and (ii) 280,000 shares of common stock beneficially owned by Henry C. Beinstein, a director of our company, who is also a director of Vector Group.

(3)

Includes 1,183,079 shares of common stock held by Knappogue Corp. Knappogue Corp. is controlled by Mr. Andrews and his family. Mr. Andrews disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest. Includes 55,556 shares of common stock issuable upon conversion of $50,000 aggregate principal amount of convertible notes. Also includes 900,000 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016 and 2,867,659 shares of common stock held jointly by Mr. Andrews and his wife.

4

TABLE OF CONTENTS

(4) Includes 9,246 shares of common stock held by BPW Holdings LLC, an entity of which Mr. Beaudette is a principal interest holder. Mr. Beaudette disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest. Also includes 119,500 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(5) Includes 180,000 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016. Excludes shares of common stock beneficially owned by Vector Group Ltd., of which Mr. Beinstein serves as a director.

(6) Includes 975,400 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(7) Includes 2,857,144 shares of common stock held by Halpryn Group IV, LLC, of which Mr. Halpryn is a member. Mr. Halpryn disclaims beneficial ownership of these securities, except to the extent of any pecuniary interest therein. Also includes 222,223 shares of common stock issuable upon conversion of $200,000 aggregate principal amount of convertible notes. Includes 200,000 shares of common stock issuable upon exercise of options held by Mr. Halpryn exercisable within 60 days of January 21, 2016.

(8) Includes 2,650,000 shares of common stock issuable upon exercise of options held by Mr. Lampen exercisable within 60 days of January 21, 2016. Also includes (i) 960,000 shares of common stock and (ii) 55,556 shares of common stock issuable upon conversion of $50,000 aggregate principal amount of convertible notes, each held by Mr. Lampen s wife. Excludes shares of common stock beneficially owned by Vector Group Ltd., of which Mr. Lampen serves as an executive officer.

(9) Includes 82,500 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(10) Includes 180,000 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(11) Includes 306,850 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(12) Includes 348,950 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(13) Includes 25,000 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016.

(14) Includes (i) 6,168,200 shares of common stock issuable upon exercise of options exercisable within 60 days of January 21, 2016 and (ii) 888,891 shares of common stock issuable upon conversion of $800,000 aggregate principal amount of convertible notes.

TABLE OF CONTENTS

PROPOSAL I
ELECTION OF DIRECTORS

Eight directors will be elected to hold office until the next annual meeting of shareholders or until their successors are duly elected or their earlier death, resignation or removal. All of the nominees currently serve as directors. In February 2016, Mr. Halpryn informed the company that he had decided not to stand for re-election. Mr. Halpryn will serve the balance of his current term that ends immediately before the annual meeting and has confirmed that his decision not to stand for re-election is not the result of a disagreement with the company. The board has decided to reduce its size by one director effective immediately following the 2015 annual meeting, to eliminate the vacancy that will be created by his decision not to stand for re-election.

The proxies solicited by our board of directors will be voted FOR the election of these nominees unless other instructions are specified. Our articles of incorporation do not provide for cumulative voting. Should any nominee become unavailable to serve, the proxies may be voted for a substitute nominee designated by the board or the board may reduce the number of authorized directors. Information regarding each director nominee is set forth below.

Mark E. Andrews, III, 65, our chairman of the board, founded our predecessor company, Great Spirits Company LLC, in 1998 and served as its chairman of the board, president and chief executive officer from its inception until December 2003. Mr. Andrews has served as our chairman of the board since December 2003 and served as our president from December 2003 until November 2005. Mr. Andrews served as our chief executive officer from December 2003 until November 2008. Prior to founding our predecessor, Mr. Andrews founded American Exploration Company, a company engaged in the exploration and production of oil and natural gas, in 1980. He oversaw that company becoming publicly traded in 1983 and served as its chairman and chief executive officer until its merger with Louis Dreyfus Natural Gas Corp. in October 1997. He also serves as a life trustee of The New York Presbyterian Hospital in New York City. Mr. Andrews' pertinent experience, qualifications, attributes and skills include financial literacy and expertise, industry experience, managerial experience, and the knowledge and experience he has attained through his service as a director and officer of publicly-traded corporations.

John F. Beaudette, 59, has served as a director of our company since January 2004. Since 1995, Mr. Beaudette has been president and chief executive officer of MHW Ltd., a national beverage alcohol import, distribution and service company located in Manhasset, New York. MHW Ltd. provides U.S. import and distribution services to wineries, breweries, and distilleries throughout the world. He serves as Vice Chairman of the board of directors of The National Association of Beverage Importers Inc. (NABI). Mr. Beaudette's pertinent experience, qualifications, attributes and skills include industry expertise, managerial experience and the knowledge and experience he has attained through his service as a director of our corporation.

Henry C. Beinstein, 72, has served as a director of our company since January 2009. He has been a partner of Gagnon Securities, LLC, a broker-dealer and a FINRA member firm, since January 2005 and has been a money manager and an analyst and registered representative of such firm since August 2002. Mr. Beinstein has been a director of Vector Group Ltd., a New York Stock Exchange listed holding company, since March 2004. Vector Group is engaged principally in the tobacco business through its Liggett Group LLC subsidiary and in the real estate and investment business through its New Valley LLC subsidiary. New Valley owns more than 70% of Douglas Elliman Realty, LLC, which operates the largest residential brokerage company in the New York metropolitan area. Since May 2001, Mr. Beinstein has served as a director of Ladenburg Thalmann Financial Services Inc., a publicly-traded diversified financial services company. Mr. Beinstein is a certified public accountant in New York and New Jersey and previously was a partner and national director of finance and administration at Coopers & Lybrand. Mr. Beinstein s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his service as a director of publicly-traded corporations.

6

TABLE OF CONTENTS

Phillip Frost, M.D., 79, has served as a director of our company since October 2008 and previously served as a director of our company from September 2005 to August 2007. Since March 2007, he has served as chairman of the board and chief executive officer of OPKO Health, Inc., a multi-national biopharmaceutical and diagnostics company. Since July 2006, Dr. Frost has served as the chairman of the board of directors of Ladenburg Thalmann Financial Services Inc. Since December 2015, Dr. Frost has served as vice chairman of the board of directors of IDI, Inc., a data analytics company. Dr. Frost also serves as a director for CoCrystal Pharma, Inc., a biotechnology company and Sevion Therapeutics, Inc. (formerly Senesco Technologies, Inc.), a clinical-stage biotech company specializing in cancer therapeutics. He also serves as chairman of Temple Emanu-El, as a member of the Florida Council of 100 and as a trustee for each of the University of Miami, the Miami Jewish Home for the Aged and the Mount Sinai Medical Center. From 1972 to 1990, Dr. Frost was the chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida. Dr. Frost served as a director of Teva Pharmaceutical Industries Ltd., a pharmaceutical company, from January 2006 until February 2015, served as chairman of the board of directors of Teva from March 2010 until December 2014 and served as vice chairman of the board of directors from January 2006 when Teva acquired IVAX Corporation until March 2010. Dr. Frost was chairman of the board of directors of Key Pharmaceuticals, Inc. from 1972 until its acquisition by Schering Plough Corporation in 1986 and served as chairman of the board of directors and chief executive officer of IVAX from 1987 to January 2006. Dr. Frost previously served as a director of Northrop Grumman Corp., Continucare Corp. (until its merger with Metropolitan Health Networks, Inc.), PROLOR Biotech, Inc. (until it was acquired by OPKO Health, Inc.) and TransEnterix, Inc. (formerly SafeStitch Medical, Inc.), and as governor and co-vice-chairman of the American Stock Exchange (now NYSE MKT). Dr. Frost s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience, and the knowledge and experience he has attained through his service as a director and officer of publicly-traded corporations.

Dr. Richard M. Krasno, 74, has served as a director of our company since March 2015. Dr. Krasno has served as a director of Ladenburg Thalmann Financial Services Inc. since 2006 and has served as its lead director since November 2014. From 1999 to 2014, he served as the executive director of the William R. Kenan, Jr. Charitable Trust and, from 1999 to 2010, as president of the four affiliated William R. Kenan, Jr. Funds. Prior to joining the Trust, Dr. Krasno was the president of the Monterey Institute of International Studies in Monterey, California. From 2004 to 2012, Dr. Krasno also served as a director of the University of North Carolina Health Care System and served as chairman of the board of directors from 2009 to 2012. From 1981 to 1998, he served as president and chief executive officer of the Institute of International Education in New York. He also served as Deputy Assistant Secretary of Education in Washington, D.C. from 1979 to 1980. Dr. Krasno s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his service as a director of publicly-traded corporations.

Richard J. Lampen, 62, has served as our president and chief executive officer and as a director of our company since October 2008. Mr. Lampen has served as executive vice president of Vector Group Ltd. since July 1996. Since September 2006, he has served as president and chief executive officer of Ladenburg Thalmann Financial Services Inc. Mr. Lampen has served as a director of Ladenburg Thalmann Financial Services Inc. since January 2002. Mr. Lampen currently serves as vice chairman of the board of directors of the Financial Services Institute. From January 1997 until January 2014, Mr. Lampen served as a director of SG Blocks, Inc., and from November 1998 until November 2011 served as its president and chief executive officer. Mr. Lampen s pertinent experience, qualifications, attributes and skills include his knowledge and experience in our company attained through his service as a director of our company and as president and chief executive officer since 2008, his managerial experience and the knowledge and experience he has attained through his service as a director and officer of publicly-traded corporations.

Steven D. Rubin, 55, has served as a director of our company since January 2009. Mr. Rubin has served as executive vice president administration since May 2007 and as a director of OPKO Health, Inc. since February 2007. Mr. Rubin served as the senior vice president, general counsel and secretary of IVAX Corporation from August 2001 until its merger with Teva in September 2006. Mr. Rubin currently serves on the board of directors of IDI, Inc., Kidville, Inc., which operates large, upscale facilities, catering to newborns through five-year-old children and their families and offers a wide range of developmental classes

7

TABLE OF CONTENTS

for newborns to five-year-olds, Non-Invasive Monitoring Systems, Inc., a medical device company, Tiger X Medical, Inc., previously an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, Cocrystal Pharma, Inc., a biotechnology company developing antiviral therapeutics for human diseases, Sevion Therapeutics, Inc., a clinical stage company which discovers and develops next-generation biologics for the treatment of cancer and immunological diseases, and Neovasc, Inc., a company developing and marketing medical specialty vascular devices. Mr. Rubin previously served as a director of Dreams, Inc., a vertically integrated sports licensing and products company, SafeStitch Medical, Inc. prior to its merger with TransEnterix, Inc., and PROLOR Biotech, Inc., prior to its acquisition by OPKO in August 2013. Mr. Rubin s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, legal experience, managerial experience, and the knowledge and experience he has attained through his service as a director and officer of publicly-traded corporations.

Mark Zeitchick, 50, has served as a director of our company since March 2014. Mr. Zeitchick has been executive vice president of Ladenburg Thalmann Financial Services Inc. since September 2006 and has served as a director of Ladenburg Thalmann Financial Services Inc. since 1999. From August 1999 until December 2003, Mr. Zeitchick served as an executive vice president of Ladenburg Thalmann Financial Services Inc. and from September 2006 until December 2011, Mr. Zeitchick served as president and chief executive officer of its subsidiary Ladenburg Thalmann & Co. Inc. Mr. Zeitchick has been a registered representative with Ladenburg Thalmann & Co. Inc. since March 2001. Mr. Zeitchick's pertinent experience, qualifications, attributes and skills include managerial and financial experience and the knowledge and experience he has attained through his service as a director and officer of a publicly-traded corporation.

Vote Required

The vote required to approve the proposal to elect the eight nominees listed above to serve as members of our board of directors is the affirmative vote of a plurality of the votes cast at the meeting with respect to the proposal.

Our board of directors recommends that you vote FOR each of the nominees named above. Unless otherwise indicated, all proxies will be voted FOR the election of each of the nominees named above.

Executive Officers

Our executive officers serve until the appointment and qualification of their successors or until their earlier death, resignation or removal by our board of directors. The following table lists the name, age and position of our executive officers:

Name	Age	Position
Richard J. Lampen	62	President and Chief Executive Officer
John S. Glover	61	Chief Operating Officer
T. Kelley Spillane	53	Senior Vice President Global Sales
Alfred J. Small	47	Senior Vice President, Chief Financial Officer, Treasurer & Secretary
Alejandra Peña	48	Senior Vice President Marketing

Listed below are biographical descriptions of our current executive officers. For Mr. Lampen s information, see the description under Election of Directors above.

John S. Glover, our chief operating officer, joined us in February 2008. From February 2008 to October 2008, Mr. Glover served as our senior vice president marketing, and from October 2008, he has served as our chief operating officer. From June 2006 to February 2008, Mr. Glover served as senior vice president commercial management of Remy Cointreau USA. From January 2001 to June 2006, Mr. Glover served in various management positions at Remy Cointreau in the United States and France. From January 1999 to January 2001, he was a managing director and chief marketing officer for Bols Royal Distilleries in the Netherlands.

TABLE OF CONTENTS

T. Kelley Spillane, our senior vice president global sales, joined us in April 2000. From April 2000 to December 2003, Mr. Spillane served as vice president sales of Great Spirits Company, and was appointed executive vice president U.S. sales in December 2003. He has served as our senior vice president global sales since June 2013. Prior to joining us, Mr. Spillane worked at Carillon Importers Limited, a division of Grand Metropolitan PLC. Carillon developed and launched Absolut Vodka and Bombay Sapphire Gin. At Carillon, Mr. Spillane served as assistant manager for its control states and duty free divisions and was promoted to director of special accounts, focusing on expanding sales in national accounts.

Alfred J. Small, our senior vice president, chief financial officer, treasurer and secretary joined us in October 2004. Mr. Small has served as our chief financial officer and treasurer since November 2007 and as our secretary since January 2009. He previously served as our vice president-controller from March 2007 until November 2007 and has served as our principal accounting officer since October 2006. Mr. Small is a certified public accountant.

Alejandra Peña, our senior vice president marketing, joined us in September 2010. Prior to joining Castle Brands, Ms. Peña most recently served as marketing vice president for liqueurs and spirits for Remy Cointreau USA, where she was responsible for the marketing of Cointreau Liqueur and Mount Gay Rum in addition to other brands. Earlier in her career, she was employed with Banfi and served as marketing director of Italian Estate Wines. Ms. Peña started her career as a strategic consultant and is fluent in English, Spanish and Italian.

There are no family relationships among any of our directors and executive officers.

Corporate Governance Guidelines

Our board of directors has adopted a code of conduct, which applies to all of our directors, executive officers and employees. The code of conduct sets forth our commitment to conduct our business in accordance with the highest standards of business ethics and to promote the highest standards of honesty and ethical conduct by our directors, executive officers and employees.

Our board of directors has also adopted a nominating and corporate governance committee charter that sets forth (i) corporate governance principles intended to promote efficient, effective and transparent governance and (ii) procedures for the identification and selection of individuals qualified to become directors.

Among other matters, our nominating and corporate governance committee charter and code of conduct set forth the following governing principles:

A majority of our directors should be independent as defined in the rules adopted by the SEC and the NYSE MKT. To facilitate critical discussion, the independent directors are required to meet apart from other board members and management representatives.

Compensation of our non-employee directors should include equity-based compensation. Employee directors are not paid for their board service in addition to their regular employee compensation.

All directors, executive officers and employees must act at all times in accordance with the requirements of our code of conduct. This obligation includes adherence to our policies with respect to conflicts of interest; full, accurate and timely disclosure; compliance with securities laws; confidentiality of our information; protection and proper use of our assets; ethical conduct in business dealings; and respect for and compliance with applicable law. Any change to, or waiver of, the requirements of, the code of conduct with respect to any director, principal financial officer, principal accounting officer or persons performing similar functions may be granted only by the board of directors. Any such change or waiver will be promptly disclosed as required by applicable law or regulations.

Our code of conduct and our nominating and corporate governance committee charter are posted on our investor relations website at *http:/investor.castlebrandsinc.com*. We intend to post amendments to, or waivers from a provision of, our code of business conduct that apply to our principal executive officer, principal financial officer or persons performing similar functions on our web site.

Shareholder Nominations

There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors.

PROPOSAL II RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2016

We ask that you ratify the appointment of EisnerAmper LLP as our independent registered public accounting firm for fiscal 2016.

Our audit committee appointed EisnerAmper LLP as our independent registered public accounting firm for fiscal 2016. Representatives of EisnerAmper LLP are expected to be present at the meeting with the opportunity to make a statement if they so desire and to be available to respond to appropriate questions.

If the appointment is not ratified, the adverse vote will be considered as an indication to our audit committee that it should consider selecting another independent registered public accounting firm for the following fiscal year. Even if the selection is ratified, our audit committee, in its discretion, may select a new independent registered public accounting firm at any time during the year if it believes that such a change would be in our best interest.

Vote Required

The vote required to approve the proposal to ratify the appointment of EisnerAmper LLP as our independent registered public accounting firm for fiscal 2016 is the affirmative vote of a majority of votes cast at the meeting with respect to the proposal.

Our board of directors recommends that you vote FOR Proposal II, the ratification of the appointment of our independent registered public registered public accounting firm for fiscal 2016.

PROPOSAL III APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS (THE SAY ON PAY VOTE)

As required by Section 14A of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, we are seeking a non-binding advisory vote from our shareholders to approve the compensation of our named executive officers as described in the Compensation Discussion and Analysis section and the executive compensation tables, the footnotes to the tables and narrative information accompanying the tables in this proxy statement. This proposal is also referred to as the say on pay vote.

We have designed our compensation policies and programs to attract, retain and motivate talented executives who are critical for our continued growth and success and to align the interests of these executives with those of our shareholders. We believe that our compensation policies and programs are centered on a pay-for-performance philosophy. To achieve these objectives, besides annual base salaries, our executive compensation program utilizes a combination of annual incentives through cash bonuses and long-term incentives through equity-based compensation. In establishing overall executive compensation levels, the compensation committee of our board of directors considers a number of criteria, including the executive s scope of responsibilities, prior and current period performance and attainment of individual and overall company performance objectives and retention concerns. Our president and chief executive officer and our compensation committee believe that substantial portions of executive compensation should be linked to the overall performance of our company, and that the contribution of individuals over the course of the relevant period to the goal of building a profitable business and shareholder value will be considered in the determination of each executive s compensation. We believe that our compensation policies and programs are designed with the appropriate balance of risk and reward consistent with our overall business strategy. In deciding how to vote on this proposal, we urge you to read the Compensation Discussion and Analysis section of this proxy statement, together with the tables and footnotes that follow, for details of our executive compensation policies and programs.

Shareholders are being asked to vote on the following resolution:

TABLE OF CONTENTS

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the Company s named executive officers, as disclosed in the proxy statement for the 2015 annual meeting, including the Compensation Discussion and Analysis section, the executive compensation tables, the footnotes to the tables and the related narrative contained therein.

Because your vote is advisory, it will not be binding upon our board of directors. Accordingly, prior compensation determinations of the board of directors will not be invalidated and the board of directors will not be required to adjust executive compensation programs or policies as a result of the outcome of the vote. However, the board of directors values shareholders opinions and the compensation committee will take into account the outcome of the vote when considering future executive compensation arrangements.

Vote Required

The vote required to approve the proposal regarding the advisory vote on the compensation of our named executive officers is the affirmative vote of a majority of votes cast at the meeting with respect to the proposal.

Our board of directors recommends that you vote FOR Proposal III, the advisory vote on the compensation of our named executive officers.

TABLE OF CONTENTS

CORPORATE GOVERNANCE MATTERS

Independence of Directors

We follow the NYSE MKT rules in determining if a director is independent. Our board of directors also consults with our counsel to ensure that the board s determination is consistent with those rules and all other relevant laws and regulations regarding director independence. Consistent with these considerations, our board of directors has determined that Messrs. Beaudette, Beinstein, Halpryn, Krasno, Rubin and Zeitchick are independent directors. The other remaining directors may not be deemed independent under the NYSE MKT rules because they currently have relationships with us that may result in them being deemed not independent. All members of our audit, compensation and nominating and corporate governance committees are independent. The members of our audit committee are also independent under Rule 10A-3 under the Exchange Act and under the NYSE MKT rules for audit committee independence.

Board Leadership Structure and Role in Risk Oversight

We believe that effective board leadership structure can depend on the experience, skills, and personal interaction between persons in leadership roles, and the needs of our company at any point in time. We currently maintain separate roles between the chief executive officer and chairman of the board in recognition of the differences between the two responsibilities. Our chief executive officer is responsible for setting our strategic direction and for leadership of our management team and the performance of our company. Our chairman of the board provides input to the chief executive officer, sets the agenda for board meetings, and presides over meetings of the full board of directors, as well as executive sessions of the board of directors. We do not have a lead director because we believe that the separation of the roles of chairman of the board and chief executive officer make the role of lead director unnecessary.

The board of directors is also responsible for oversight of our risk management practices, while management is responsible for the day-to-day risk management processes. This division of responsibilities is the most effective approach for addressing the risks facing our company, and our company s board leadership structure supports this approach. The board of directors receives periodic reports from management regarding the most significant risks facing our company. Also, our audit committee assists the board of directors in its oversight role by receiving periodic reports regarding our company s risk and control environment.

Board Committee Membership and Information

The following table shows the current members of each board committee, the directors our board of directors has determined to be independent and the number of meetings held by each committee in fiscal 2015.

Director	Independent	Audit	Compensation	Nominating and Corporate Governance
Mark Andrews				
John F. Beaudette	X			X
Henry C. Beinstein	X	X		X
Phillip Frost, M.D.				

Glenn L. Halpryn	X	X	X	
Dr. Richard M. Krasno	X		X	X
Richard J. Lampen				
Steven D. Rubin	X	X	X	X
Mark Zeitchick	X			
Number of meetings held in fiscal 2015	1	4	1	2

Our board of directors met four times during fiscal 2015. During fiscal 2015, each of our directors attended at least 75% of the aggregate number of meetings of the board of directors and of each committee of which he was a member held during the period for which he or she was a director or member, as applicable. We expect our directors to attend all board and committee meetings and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Although we do not have any formal

12

TABLE OF CONTENTS

policy regarding director attendance at annual shareholder meetings, we attempt to schedule our annual meetings so that all of our directors can attend. Two directors attended our 2014 annual meeting.

Executive Sessions

We regularly schedule executive sessions during which our independent directors meet without the presence of or participation by management.

Nominating and Corporate Governance Committee

Messrs. Beaudette, Beinstein and Rubin and Dr. Krasno currently comprise our nominating and corporate governance committee. Our nominating and corporate governance committee identifies, researches and recommends to the board of directors qualified candidates to serve as directors on our board of directors.

Our nominating and corporate governance committee is responsible for, among other things:

- recommending to our board of directors the slate of nominees of directors to be proposed for election by the shareholders and individuals to be considered by our board of directors to fill vacancies;
- establishing criteria for selecting new directors; and
- reviewing and assessing annually the performance of the nominating and corporate governance committee and the adequacy of the nominating and corporate governance committee charter.

Our nominating and corporate governance committee will consider candidates suggested by our shareholders pursuant to written applications submitted to the nominating and corporate governance committee, in care of our Corporate Secretary at the address set forth below for the submission of shareholder proposals.

Besides considering candidates suggested by shareholders, our nominating and corporate governance committee also accepts recommendations from our directors, members of management and others familiar with, and experienced in, the beverage alcohol industry. Our nominating and corporate governance committee establishes criteria for the selection of nominees and reviews the appropriate skills and characteristics required of board members. In evaluating candidates, the committee considers issues of independence, diversity and expertise in numerous areas, including experience in the premium branded spirits industry, finance, marketing, international experience and culture. Our nominating and corporate governance committee selects individuals of the highest personal and professional integrity who have demonstrated exceptional ability and judgment in their field and who would work effectively with the other directors and nominees to the board of directors. Our nominating and corporate governance committee also monitors and reviews the committee structure of our board of directors, and each year it recommends to our board of directors for its approval directors to serve as members of each committee. The nominating and corporate governance committee conducts an annual review of the adequacy of the nominating and corporate governance committee charter, and recommends proposed changes. Our nominating and corporate governance committee charter is posted on our investor relations website at *http://investor.castlebrandsinc.com*.

The persons to be elected at our annual meeting are the current directors standing for re-election (Mr. Halpryn is not standing for re-election).

Compensation Committee

Messrs. Halpryn and Rubin and Dr. Krasno currently comprise our compensation committee. None of these individuals has ever served as an officer of ours or of any of our subsidiaries. If all of the director nominees are elected, we anticipate that Messrs. Rubin and Dr. Krasno will comprise the compensation committee. The compensation committee does not have a charter. More information regarding the role and policies of the compensation committee is included below under the headings Executive Compensation and Director Compensation.

TABLE OF CONTENTS

Audit Committee Information and Report

Our audit committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our audit committee assists the board of directors in monitoring:

- the integrity of our financial statements;
- our independent auditor s qualifications and independence;
- the performance of our independent auditor; and
- our compliance with legal and regulatory requirements.

The audit committee also reviews and approves all related-party transactions. Our audit committee charter is posted on our investor relations website at *http://investor.castlebrandsinc.com.*

As required by applicable SEC and NYSE MKT rules, our board of directors has determined that each audit committee member is financially literate and that Mr. Beinstein, who chairs the committee, is an audit committee financial expert as defined by SEC rules.

Fees to Independent Registered Public Accounting Firm for Fiscal 2015 and 2014

EisnerAmper LLP billed us the following amounts for professional services rendered for fiscal 2015 and 2014:

	2015	2014
Audit Fees	$ 531,621	$ 281,555
Audit-Related Fees		
Tax Fees		
All Other Fees		
Total	$ 531,621	$ 281,555

Audit Fees

This category includes the audit of our annual financial statements, reviews of financial statements included in our quarterly reports on Form 10-Q, and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements. This category also includes fees for advice on accounting matters that arose during, or as a result of, the annual audit or the reviews of interim financial statements. For 2015, this category also includes the audit of the effectiveness of our internal control over financial reporting under Sarbanes-Oxley Section 404.

Audit-Related Fees

This category includes assurance and related services provided by EisnerAmper LLP that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under Audit Fees.

Tax Fees

This category would include fees for professional services rendered by EisnerAmper LLP for tax compliance, tax advice and tax planning.

All Other Fees

This category would consist of fees for other miscellaneous items.

Pre-Approval Policies and Procedures

In accordance with its charter, our audit committee reviews and approves in advance on a case-by-case basis each engagement, including the fees and terms thereof, by us of accounting firms that will perform permissible non-audit services or audit, review or attestation services for us. Our audit committee is authorized to establish detailed pre-approval policies and procedures for pre-approval of such engagements without a meeting of the audit committee, but our audit committee has not established any such pre-approval procedures at this time.

TABLE OF CONTENTS

Our audit committee pre-approved all fees of our principal independent accounting firm, EisnerAmper LLP, for fiscal 2015.

Audit Committee Report

Under its written charter, our audit committee s responsibilities include, among other things:

- appointing, replacing, overseeing and compensating the work of our independent registered public accounting firm;
- reviewing and discussing with management and our independent registered public accounting firm our quarterly financial statements and discussing with management our earnings releases;
- pre-approving all auditing services and permissible non-audit services provided by our independent registered public accounting firm;
- engaging in a dialogue with our independent registered public accounting firm regarding relationships that may adversely affect the independence of the independent registered public accounting firm and, based on such review, assessing the independence of our independent registered public accounting firm;
- providing the audit committee report to be filed with the SEC in our annual proxy statement;
- reviewing with our independent registered public accounting firm the adequacy and effectiveness of the internal controls over our financial reporting;
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including the confidential anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- reviewing and pre-approving related-party transactions;
- reviewing and discussing with management and our independent registered public accounting firm management s annual assessment of the effectiveness of the internal controls and our independent registered public accounting firm s attestation;
- appointing or replacing the independent auditor;
- reviewing and discussing with management and our independent registered public accounting firm the adequacy and effectiveness of our internal controls including any significant deficiencies in the design or operation of our internal controls or material weaknesses and any fraud, whether or not material, that involves our management or other employees who have a significant role in our internal controls and the adequacy and effectiveness of our disclosure controls and procedures; and
- reviewing and assessing annually the adequacy of the audit committee charter.

Our audit committee has met and held discussions with management and EisnerAmper LLP, our independent auditors. Management represented to the audit committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the audit committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The audit committee discussed with EisnerAmper LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended and adopted by the Public Company Accounting Oversight Board, which requires the independent registered public accounting firm to provide the audit committee with information regarding the scope and results of its audit of the company s financial statements, including information with respect to the firm s responsibilities under auditing standards generally accepted in the United States, significant accounting policies, management judgments and estimates, any significant audit adjustments, any disagreements with management and any difficulties encountered in performing the audit.

TABLE OF CONTENTS

EisnerAmper LLP also provided the audit committee with the written disclosures and letter regarding independence required by the Public Company Accounting Oversight Board regarding the independent auditors communication with the audit committee regarding independence. The audit committee discussed with EisnerAmper LLP and management the auditors independence, including with regard to fees for services rendered during the 2015 fiscal year and for all other professional services rendered by EisnerAmper LLP.

Based upon the audit committee s discussion with management and the independent auditors and the audit committee s review of our audited financial statements, the representations of management and the report of the independent auditors to the audit committee, the audit committee recommended that our board of directors include the audited consolidated financial statements in our annual report on Form 10-K for the fiscal year ended March 31, 2015, as amended, filed with the SEC on June 15, 2015.

The Members of the Audit Committee

Henry C. Beinstein
Glenn L. Halpryn
Steven D. Rubin

TABLE OF CONTENTS

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses the compensation programs and policies for our executive officers and the compensation committee s role in the design and administration of these programs and policies in making specific compensation decisions for our executive officers, including our named executive officers.

Our compensation committee has the sole authority and responsibility to review and determine, or recommend to our board of directors for determination, the compensation package of our chief executive officer and each of our other named executive officers, each of whom is identified in the Summary Compensation Table below. Our compensation committee also considers the design and effectiveness of the compensation program for our other executive officers and approves the final compensation package, employment agreements and stock award and option grants for all of our executive officers. Our compensation committee is composed entirely of independent directors who have never served as officers of our company. Our compensation committee is authorized to engage compensation consultants, but did not do so in the fiscal years ended March 31, 2015 or 2014.

Set forth below is a discussion of the policies and decisions that shape our executive compensation program, including the specific objectives and elements. Information regarding director compensation is included under the heading Director Compensation below.

General Executive Compensation Objectives and Philosophy

The objective of our executive compensation program is to attract, retain and motivate talented executives who are critical for our continued growth and success and to align the interests of these executives with those of our shareholders. To achieve this objective, besides annual base salaries, our executive compensation program utilizes a combination of annual incentives through cash bonuses and long-term incentives through equity-based compensation. Our compensation committee believes that cash bonuses reward our named executive officers for their own performance, as well as the company s overall performance, and that long-term equity-based compensation aligns the interests of our named executive officers with the long-term performance of our company. Long-term equity-based compensation for our named executive officers is typically subject to time-based vesting over a period of four years. We do not have specific policies for allocating between long-term and currently paid out compensation or between cash and non-cash compensation, rather such amounts are determined by our compensation committee on an annual basis as described below.

In establishing overall executive compensation levels, our compensation committee considers a number of criteria, including the executive s scope of responsibilities, prior and current period performance and attainment of individual and overall company performance objectives and retention concerns. Our president and chief executive officer and our compensation committee believe that substantial portions of executive compensation should be linked to the overall performance of our company, and that the contribution of individuals over the course of the relevant period to the goal of building a profitable business and shareholder value will be considered in the determination of each executive s compensation. We do not use benchmarking against a peer group or otherwise.

Generally, our compensation committee reviews and, as appropriate, modifies compensation arrangements for executive officers in the first quarter of each fiscal year, subject to the terms of existing employment agreements with our named executive officers, as discussed below. Annual equity awards, if any, are typically granted in the first quarter of each fiscal year as well. For the fiscal year ended March 31, 2015, except for our president and chief executive officer s compensation, our compensation committee also considered our president and chief executive officer s executive compensation recommendations, which recommendations were presented at the time of our compensation committee s annual review of executive performance and compensation arrangements. In making such determinations, the compensation committee considered the overall performance of each executive and their contribution to the growth of our company and its products as well as overall company performance through personal and corporate achievements. The compensation

TABLE OF CONTENTS

committee considered each executive officer s contributions to brand growth, cost management and long-term value creation for our shareholders for the fiscal year ended March 31, 2015, as well as the retention of our executive officers.

Risk Considerations in our Compensation Programs

We have reviewed our compensation structures and policies as they pertain to risk and have determined that our compensation programs do not create or encourage the taking of risks that are reasonably likely to have a material adverse effect on our company.

Material Tax Implications of Our Compensation Policy

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits the deductibility on our tax return of compensation over $1 million to any of our named executive officers unless, in general, the compensation is paid under a plan which is performance-related, non-discretionary and has been approved by our shareholders. Our compensation committee s policy with respect to section 162(m) is to make every reasonable effort to ensure that compensation is deductible to the extent permitted while simultaneously providing our executives with appropriate compensation for their performance. We did not pay any compensation during fiscal 2015 that would be subject to the limitations set forth in section 162(m).

Consideration of Our Most Recent Shareholder Advisory Vote on Executive Compensation

Last year, at our 2014 Annual Meeting, our shareholders cast an advisory vote on executive compensation, referred to as a say-on-pay proposal , as required by Section 14A of the Exchange Act. At the 2014 Annual Meeting, our shareholders overwhelmingly approved the say-on-pay proposal, and we have considered such approval an endorsement of our executive compensation philosophy and programs. Therefore, our executive compensation philosophy and programs have been confirmed and remain substantially unchanged since last year. The next say-on-pay proposal is included in this proxy statement for our 2015 Annual Meeting.

Compensation Committee Interlocks and Insider Participation

During fiscal 2015, each of Glenn L. Halpryn, Dr. Richard M. Krasno and Steven D. Rubin served on our compensation committee, with Mr. Halpryn serving as chairman. No member of the compensation committee during fiscal 2015 was an officer, employee or former officer of ours or any of our subsidiaries or had any relationship that would be considered a compensation committee interlock and would require disclosure pursuant to SEC rules and regulations. None of our executive officers served as a member of a compensation committee or a director of another entity under the circumstances requiring disclosure pursuant to SEC rules and regulations.

Compensation Committee Report on Executive Compensation

The information contained in this Compensation Committee Report shall not be deemed soliciting material or filed with the SEC, nor shall such information be incorporated by reference into any document we file with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that such report is specifically stated to be incorporated by reference into such document.

In fulfilling our role, we met and held discussions with the Company s management and reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement. Based on the review and discussions with management and our business judgment, we recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement for filing with the SEC.

Submitted by the Compensation Committee of the Board of Directors:

Glenn L. Halpryn, Chair
Dr. Richard M. Krasno
Steven D. Rubin

18

TABLE OF CONTENTS

Summary Compensation Table

The following table shows the compensation paid to our named executive officers for our 2015, 2014 and 2013 fiscal years.

Name and Principal Position	Year	Salary	Bonus	Option Awards(1)	All Other Compensation	Total
Richard J. Lampen	2015			$147,620		$147,620
President and	2014			85,886		85,886
chief executive officer	2013			81,916		81,916
John S. Glover Chief operating officer	2015	$304,849	$60,000	73,988		438,837
	2014	295,970	50,000	44,193		390,163
	2013	287,350	40,000	30,988		358,338
T. Kelley Spillane	2015	293,286	35,000	24,701	$1,415 (2)	354,401
Senior vice president	2014	284,744	25,000	15,153	1,415 (2)	326,312
global sales	2013	276,450	23,000	10,341	1,415 (2)	311,206
Alfred J. Small Senior vice president, chief financial officer, treasurer & secretary(3)	2015	240,000	35,000	25,808		300,808
Alejandra Peña Senior vice president marketing(3)	2015	180,353	35,000	14,623		229,976

(1) Represents the dollar amount of expenses recognized for financial statement purposes with respect to the 2015, 2014 and 2013 fiscal years for the fair value of stock-based compensation granted in fiscal 2015 and prior fiscal years in accordance with ASC 718 Compensation Stock Compensation. Under SEC rules, the amounts shown exclude the impact of estimated forfeitures relating to service-based vesting conditions. See note 12 to our consolidated financial statements for the fiscal year ended March 31, 2015 included in our annual report on Form 10-K, filed with the SEC on June 15, 2015, regarding the assumptions underlying the valuation of these grants.

(2) Represents life insurance premiums paid by us for the benefit of Mr. Spillane.

(3) Mr. Small and Ms. Peña did not serve as named executive officers during fiscal 2014 and fiscal 2013.

Narrative Disclosure to Summary Compensation Table

Material Terms of Named Executive Officers Employment Agreements

The material terms of Messrs. Glover s, Spillane s and Small s and Ms. Peña s employment agreements are described in the table below. Mr. Lampen, our president and chief executive officer, does not receive a salary or benefits from us in connection with his service. Instead, we are party to a management services agreement with Vector Group Ltd., a more than 5% shareholder, under which Vector Group Ltd. agreed to make available to us Mr. Lampen s services. For a discussion of this agreement, see Certain Relationships and Related Transactions Related Party Transactions Agreement with Vector Group Ltd below.

Certain Material Terms of Employment Agreements with Named Executive Officers

Named Executive Officer	Date of Agreement	Current Annual Base Salary under the Agreement(1)	Performance Bonus (as Percentage of Annual Base Salary Unless Otherwise Indicated)	Expiration Date of Agreement	Duration of Severance Payments(2)
Richard J. Lampen					
John S. Glover	1/24/2008 (3)	$ 313,995	Up to 60%	3/31/2018	12 months
T. Kelley Spillane	5/2/2005 (3)	302,084	(4)	3/31/2018	12 months
Alfred J. Small	11/13/2007 (3)	270,400	Up to 60%	5/19/2018	12 months
Alejandra Peña	7/29/2011	198,000	Up to 30%	N/A	6 months

19

TABLE OF CONTENTS

(1) Increases in Messrs. Glover s, Spillane s and Small s and Ms. Peña s base salaries are at the compensation committee s sole discretion.

(2) Please see Potential Payments Upon Termination or Change in Control below for a full description of these severance obligations.

(3) This employment agreement was amended on February 1, 2016.

(4) Mr. Spillane s employment agreement calls for him to receive performance bonuses at the discretion of our compensation committee, with no specific percentage stated.

Annual Incentives to Named Executive Officers

We paid aggregate cash bonuses to our named executive officers for fiscal 2015 as follows: Mr. Glover $60,000, Mr. Spillane $35,000, Mr. Small $35,000 and Ms. Peña $35,000. We paid aggregate cash bonuses to our named executive officers for fiscal 2014 as follows: Mr. Glover $50,000 and Mr. Spillane $25,000. We paid aggregate cash bonuses to our named executive officers for fiscal 2013 as follows: Mr. Glover $40,000 and Mr. Spillane $23,000. Mr. Lampen did not receive a cash bonus for fiscal 2015, 2014 or 2013. These bonus payments are included in the Summary Compensation Table above under the heading Bonus.

Grants of Plan-Based Awards in Fiscal 2015

The following table shows grants made to our named executive officers in fiscal 2015. The grant date fair value of option awards may not be realized by the individuals.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($)	Grant Date Fair Value of Option Award[1] ($)
Richard Lampen	5/28/2014	500,000	$ 1.00	$ 310,000
John S. Glover	5/28/2014	250,000	$ 1.00	$ 155,000
T. Kelley Spillane	5/28/2014	100,000	$ 1.00	$ 62,000
Alfred J. Small	5/28/2014	100,000	$ 1.00	$ 62,000
Alejandra Peña	5/28/2014	70,000	$ 1.00	$ 43,400

(1) Represents the dollar amount of expenses recognized for financial statement purposes with respect to the 2015 fiscal year for the fair value of stock-based compensation granted in fiscal 2015 in accordance with ASC 718 Compensation Stock Compensation. Under SEC rules, the amounts shown exclude the impact of estimated forfeitures relating to service-based vesting conditions. See note 12 to our consolidated financial statements for the fiscal year ended March 31, 2015 included in our annual report on Form 10-K, filed with the SEC on June 15, 2015, regarding the assumptions underlying the valuation of these grants.

TABLE OF CONTENTS

Outstanding Equity Awards at March 31, 2015 Fiscal Year End

The following table summarizes the outstanding option awards held by our named executive officers at March 31, 2015.

Named Executive Officer	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Unearned Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
	1,000,000		$ 0.35	11/3/2018
	400,000		$ 0.35	6/11/2020
	375,000	125,000 (1)	$ 0.33	6/20/2021
	250,000	250,000 (2)	$ 0.31	6/8/2022
	125,000	375,000 (3)	$ 0.38	6/5/2023
		500,000 (4)	$ 1.00	5/28/2024
	60,000		$ 1.90	1/24/2018
Richard J. Lampen	15,400		$ 0.21	6/9/2018
	50,000		$ 0.35	6/22/2019
John S. Glover	225,000		$ 0.35	6/11/2020
	187,500	62,500 (1)	$ 0.33	6/20/2021
	125,000	125,000 (2)	$ 0.31	6/8/2022
	62,500	187,500 (3)	$ 0.38	6/5/2023
		250,000 (4)	$ 1.00	5/28/2024
T. Kelley Spillane	7,500		$ 7.23	