

Edgar Filing: STEPHAN CO - Form 10-K/A

STEPHAN CO  
Form 10-K/A  
April 30, 2003

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

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2002

Commission File No. 1-4436

THE STEPHAN CO.

---

(Exact Name of Registrant as Specified in its Charter)

Florida

59-0676812

---

(State or Other Jurisdiction of  
Incorporation or Organization)

---

(I.R.S. Employer  
Identification No.)

1850 West McNab Road, Fort Lauderdale, Florida 33309

---

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (954) 971-0600

---

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Class	Name of Exchange on Which Registered
Common Stock, \$.01 Par Value	AMERICAN STOCK EXCHANGE

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15 (d) of the Securities Exchange  
Act of 1934 during the preceding 12 months (or for such shorter period

Edgar Filing: STEPHAN CO - Form 10-K/A

that the Registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days.

YES  NO  
\_\_\_\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

State the aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing.

\$10,596,531  
as of March 14, 2003

The above amount excludes shares held by all executive officers and directors of the Registrant

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

4,410,577 Shares of Common Stock, \$.01 Par Value,  
as of March 14, 2003

**Edgar Filing: STEPHAN CO - Form 10-K/A**

Item 10: Directors and Executive Officers of the Registrant..... 23  
 Item 11: Executive Compensation..... 25  
 Item 12: Security Ownership of Certain Beneficial  
           Owners and Management..... 27  
 Item 13: Certain Relationships and Related Transactions..... 29  
 Item 14: Controls and Procedures..... 31  
 Item 15: Principal Accountant Fees and Services..... 32

PART IV

Item 16: Exhibits, Financial Statement Schedules  
           and Reports on Form 8-K..... 33  
 Signatures..... 35  
 Certifications..... 36-39

PART III

Item 10. Directors and Executive Officers of the Registrant.

Set forth below is certain biographical information with respect to the Class I, (whose terms expired in 2001), Class II (whose terms expired in 2002), and Class III (whose terms expire 2003) directors of the Company (based solely on information furnished by such persons):

Name	Age (as of Dec.31, 2002)	Year of First Election as a Company Director	Principal Occupation(s) During Past Five Years; Other Directorships
-----			
Class I directors			
-----			

## Edgar Filing: STEPHAN CO - Form 10-K/A

John DePinto (1) (2)	85	1981	Retired executive for more than the past five years.
Shouky A. Shaheen (2)	73	1998	For more than the previous five years, President of Shaheen and Co. Mr. Shaheen is also the former owner of Morris Flamingo, L.P., which was acquired by the Company in March 1998.

### Class II directors

-----

Leonard Genovese (1) (2)	68	1997	For more than the previous five years through June 14, 1999 when he retired, Mr. Genovese was Chairman and Chief Executive Officer of Genovese Drug, Inc., an American Stock Exchange listed company. Mr. Genovese is a director of two other publicly-traded companies: Kellwood Company and Roslyn Bancorp, as well as Eckerd Drug, a wholly-owned subsidiary of JC Penney Co.
-----------------------------	----	------	--

Curtis Carlson (1)	50	1996	For more than the previous five years, partner in various law firms. Currently a partner in the Miami-based law firm of Payton & Carlson, PA.
-----------------------	----	------	---

23

### Class III directors

-----

Frank F. Ferola	60	1981	For more than the previous five years, Chairman of the Board, President and Chief Executive Officer of the Company.
Thomas M. D'Ambrosio	73	1981	For more than the previous five years, Vice President and Treasurer of the Company; practicing attorney.

(1) Member of the Audit Committee.

(2) Member of the Stock Option and Compensation Committee.

### Executive Officers

The four executive officers and one former executive officer of the Company consist of Mr. Frank F. Ferola, President, Chairman of the Board

## Edgar Filing: STEPHAN CO - Form 10-K/A

and Chief Executive Officer; Thomas M. D'Ambrosio, Vice President and Treasurer; David A. Spiegel, Chief Financial Officer; Peter Ferola, Vice President/Administration and Secretary; and Franc Ferola, Vice President/Operations.

The following sets forth certain information with respect to the executive officers of the Company who are not also directors (based solely on information furnished by such persons):

Mr. David A. Spiegel, 55, was appointed as Chief Financial Officer in January 1994. For more than the five years prior to 1994, Mr. Spiegel was the independent public accountant for the Company.

Mr. Peter Ferola, 34, was appointed as Vice President/Administration in January 1996. For more than the previous five years, Mr. Ferola has been employed by the Company in various capacities. In February 1997, Mr. Ferola was selected as Secretary of the Company. Mr. Ferola had previously been the Company's Assistant Secretary. Mr. Ferola's employment with the Company terminated May 10, 2002.

Mr. Franc Ferola, 37, was appointed as Vice President/Operations in January 1996. For more than the previous five years, Mr. Ferola has been employed by the Company in various capacities.

Peter Ferola and Franc Ferola are brothers and are sons of Frank F. Ferola.

24

### Item 11. Executive Compensation

The following table sets forth information for the fiscal years ended December 31, 2002, December 31, 2001 and December 31, 2000 as to the compensation earned by the Company's Chief Executive Officer and the three other most highly compensated executive officers of the Company whose total annual salary and bonus exceeded \$100,000 for services rendered by them in all capacities to the Company and its subsidiaries during fiscal year 2002 (collectively, the "Named Executives").

Name and Principal Position(s)	Summary Compensation Table						
	Fiscal Year	Annual Compensation		Other Annual Compensation	Long-Term Compensation		All Other Compensation
		Salary	Bonus		Underlying Options		
Frank F. Ferola, (2) President, Chairman of the Board and Chief Executive Officer	2002	\$747,587	\$0	\$0	50,000 (1)		\$0
	2001	\$622,242	\$0	\$0	50,000 (1)		\$0
	2000	\$565,675	\$0	\$0	107,000 (1)		\$0
David Spiegel, Chief	2002	\$166,251	\$0	\$0	-0-		\$0
	2001	\$166,375	\$0	\$0	-0-		\$0
	2000	\$148,349	\$0	\$0	11,400		\$0

## Edgar Filing: STEPHAN CO - Form 10-K/A

### Financial Officer

Franc	2002	\$183,013	\$0	\$0	10,000	(1)	\$0
Ferola,	2001	\$166,375	\$0	\$0	10,000	(1)	\$0
Vice	2000	\$151,250	\$0	\$0	47,050	(1)	\$0

### President/ Operations

Peter	2002	\$ 79,541	\$0	\$0	10,000	(1)	\$0
Ferola (3),	2001	\$166,375	\$0	\$0	10,000	(1)	\$0
Vice	2000	\$151,250	\$0	\$0	47,050	(1)	\$0

### President/ Administration

(1) Reflects stock options granted pursuant to employment agreements.

(2) Total salary in 2002 includes 2001 vacation compensation.

(3) Employment terminated May 10, 2002.

25

### Stock Option Grants in the Last Fiscal Year

The following table sets forth certain information concerning stock options granted to those Named Executives who were granted stock options in fiscal year 2002.

Name	Number of Securities Underlying Options Granted(#)	Percentage of Total Options Granted to Employees in Fiscal Year (%)	Potential Realizable Value At Assumed Annual Rates of Stock Appreciation for Option Term (2) Exercise Price Per Share (\$)	Expiration Date	Potential Realizable Value At Assumed Annual Rates of Stock Appreciation for Option Term (2)	
					5%	10%
Frank F. Ferola	50,000 (1)	72%	\$3.00	1/01/2012	\$244,334	\$255,969
Peter Ferola	10,000 (1)	14%	\$3.00	1/01/2012	\$ 48,866	\$ 77,812
Franc Ferola	10,000 (1)	14%	\$3.00	1/01/2012	\$ 48,866	\$ 77,812

(1) Reflects stock options granted pursuant to employment agreements.

(2) Potential realizable value is based on the assumption that the Common Stock appreciates at the annual rates shown (compounded annually) from the date of grant until the expiration of the option term. These numbers are calculated based on the requirements promulgated by the Commission and do not reflect any estimate or prediction by the Company of future Common Stock trading prices.

As of December 31, 2002, an aggregate of 498,950 options had been granted to the Named Executives under the 1990 Key Employee Stock Incentive Plan and an aggregate of 810,920 options had been granted to all employees under the Plan, including current officers who are not Named Executive Officers. Included in the above totals are options that have

## Edgar Filing: STEPHAN CO - Form 10-K/A

been granted and subsequently cancelled and/or expired. Non-employee directors of the Company are not granted options under the 1990 Key Employee Stock Incentive Plan, but are granted options under the 1990 Outside Directors' Stock Option Plan.

### Year-End Option Values

The following table sets forth certain information, as of December 31, 2002, in respect of the year-end numbers and values of unexercised stock options held by the Named Executives. None of the Named Executives exercised any stock options in fiscal year 2002. Based on the closing price (\$3.44) of the Common Stock as of December 31, 2002, there were 120,000 "in-the-money" unexercised stock options.

26

	Number of Unexercised Options Held at December 31, 2002	
Name	Exercisable	Unexercisable
Frank F. Ferola	387,000	0
David A. Spiegel	11,400	0
Franc Ferola	132,050	0

### Item 12. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth, as of April 15, 2003, certain information as to the stockholders (other than directors and executive officers of the Company) known by the Company to own beneficially more than 5% of the Common Stock (based solely upon filings by said holders with the Securities and Exchange Commission (the "Commission") on Schedule 13G, pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act")):

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class
-----	-----	-----
FMR Corp. (2) 82 Devonshire St. Boston, MA 02109-7614	453,500	10.28%
Dimensional Fund Advisors, Inc. (3) 1299 Ocean Avenue 11th Floor Santa Monica, CA 90401	228,400	5.18%

(1) Beneficial ownership, as reported in the above table, has been determined in accordance with Rule 13d-3 under the Exchange Act.

(2) Fidelity Management & Research Company ("Fidelity"), a wholly-owned subsidiary of FMR Corp., is a beneficial owner of the shares reflected above as a result of its acting as

## Edgar Filing: STEPHAN CO - Form 10-K/A

a registered investment adviser to various registered investment companies. One such company, Fidelity Low-Priced Stock Fund, owns the shares of Common Stock reflected above. FMR Corp., through its control of Fidelity, has voting power with respect to none of the above-indicated shares, but has the sole power to dispose of all the above-indicated shares.

27

### Security Ownership by Management and Directors

The following table sets forth, as of April 15, 2003, certain information concerning the beneficial ownership of Common Stock by each of the four nominees for election as a director of the Company (all of whom are currently directors of the Company), each other director, the Named Executives, as defined below, and all current directors and executive officers of the Company as a group (based solely upon information furnished by such persons):

Name of Beneficial Owner -----	Number of Shares Beneficially Owned (1) (2) -----	Percent of Class -----
Curtis Carlson . . . . .	25,310	(4)
Thomas M. D'Ambrosio . . . . .	240,964	5.43%
John DePinto . . . . .	133,514	3.01%
Frank F. Ferola . . . . .	969,935 (3)	20.01%
Franc Ferola . . . . .	142,050	3.12%
Leonard Genovese . . . . .	26,310	(4)
Shouky Shaheen . . . . .	327,306	7.39%
David Spiegel . . . . .	11,400	(4)
All executive officers and directors as a group (eight persons) . . . . .	1,876,789	36.65%

- (1) Beneficial ownership, as reported in the above table, has been determined in accordance with Rule 13d-3 under the Exchange Act. Unless otherwise indicated, beneficial ownership includes both sole voting and sole dispositive power.
- (2) Includes the following shares that may be acquired upon the exercise of options held by the specified person within 60 days of the date of this report:  
Mr. Thomas D'Ambrosio-24,250; Mr. John DePinto-25,310;  
Mr. Frank Ferola-437,000; Mr. Curtis Carlson-25,310;  
Mr. Leonard Genovese-25,310; Mr. Shouky Shaheen-20,248;  
Mr. David Spiegel-11,400; Mr. Franc Ferola-142,050; and  
all executive officers and directors as a group-710,878.
- (3) Includes 14,305 shares owned by Mr. Frank Ferola's personal charitable foundation, of which Mr. Ferola is a co-trustee.
- (4) Represents less than 1%.



Item 13. Certain Relationships and Related Transactions

In fiscal year 2002, the Company paid to Payton & Carlson, P.A., a law firm of which Curtis Carlson is a partner, approximately \$136,265 for legal services rendered by such firm to the Company. The Company also paid an annual salary of \$54,000 to Thomas D'Ambrosio, a director and executive officer of the Company. for legal services rendered throughout the year.

Board of Directors; Committees of the Board

The Board of Directors met three times during fiscal year 2002. During fiscal year 2002, no director attended fewer than 75% of the total number of meetings of the Board and of the committee(s) of the Board on which he served. The Company does not have a nominating committee. The Board has established two standing committees, consisting of (1) an Audit Committee and (2) a Stock Option and Compensation Committee. The current functions of each such Committee are as follows:

The Audit Committee, which held numerous informal meetings during 2002, reviews the internal and external audit functions of the Company and makes recommendations to the Board of Directors with respect thereto. It also has primary responsibility for the formulation and development of the auditing policies and procedures of the Company, and for making recommendations to the Board of Directors with respect to the selection of the Company's independent auditing firm. The Audit Committee is governed by the Company's Audit Committee Charter. The Board of Directors of the Company has determined that the current composition of the Audit Committee satisfies the American Stock Exchange's requirements regarding the independence, financial literacy and experience of audit committee members. The Chairman of this Committee is Curtis Carlson. The other members of this Committee are Leonard Genovese and John DePinto.

The Stock Option and Compensation Committee (the "Compensation Committee"), which held numerous informal meetings during 2002, has primary responsibility for the administration of the Company's 1990 Key Employee Stock Incentive Plan, including principal responsibility for the granting of options thereunder. The Compensation Committee is also responsible for establishing the overall philosophy of the Company's executive compensation program and overseeing the executive compensation plan developed to execute the Company's compensation strategy. The Chairman of the Compensation Committee is Shouky Shaheen. The other members of the Committee are Leonard Genovese and John DePinto

Compensation of Directors

All directors of the Company are compensated for their services by payment of \$300 for each Board meeting attended.

During fiscal year 2002, options to purchase an aggregate of 20,248 shares of Common Stock, at an exercise price of \$3.67 per share, were granted by the Company to the four directors of the Company who were not employees or regularly retained consultants of the Company (each, an

## Edgar Filing: STEPHAN CO - Form 10-K/A

"Outside Director") pursuant to the Company's 1990 Outside Directors' Stock Option Plan.

Under such Plan, each Outside Director is automatically granted, upon such person's election or re-election to serve as a director of the Company, an option exercisable over five years, to purchase shares of Common Stock. Upon initial election to the Board of Directors, an Outside Director is granted an option to purchase 5,062 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on the date of grant. An option to purchase an additional 5,062 shares of Common Stock (at an exercise price equal to the fair market value of the Common Stock on the date of such grant) is granted to each incumbent Outside Director during each fiscal year of the Company thereafter on the earlier of (i) June 30 or (ii) the date on which the stockholders of the Company elect directors at an annual meeting of such stockholders or any adjournment thereof. The aggregate number of shares of Common Stock reserved for grant under the Outside Directors' Stock Option Plan is 202,500, of which options covering 101,240 shares have been granted.

### Employment and Termination Arrangements

#### Frank F. Ferola

In January 1997, the Company entered into an employment agreement with Mr. Frank F. Ferola. The term of the agreement was for three years, expiring in January 2000. In 1999, pursuant to the terms of his employment agreement, Mr. Ferola renewed his employment agreement for an additional three-year term until 2003. In March 2002, pursuant to the terms of his employment agreement, Mr. Ferola renewed his agreement with the Company for an additional three-year term until 2006. Under such agreement, Mr. Ferola is to receive compensation in the amount of \$425,000 per annum, with annual increases of 10%, and an annual stock option grant of 50,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on the date of grant. In addition, Mr. Ferola is entitled to receive an annual performance bonus based on increases of at least 10% in the Company's earnings per share, calculated by comparison to a base year of 1996 and pursuant to a formula set forth in his employment agreement.

In the event of a change in control (as defined in the employment agreement) of the Company, Mr. Ferola is entitled to receive an amount equal to his base salary for the remaining term of his employment agreement plus an additional 24 months' salary. In addition, upon such an event, Mr. Ferola is to receive from the Company, in a lump-sum payment, an amount equal to the most recent annual bonus paid multiplied by the sum of the number of years (including any fraction thereof) remaining in the term of his agreement plus two.

30

#### Franc Ferola

In July 1998, the Company entered into an amended employment agreement with Franc Ferola. Such amended employment agreement extended the term of his agreement to January 2001. In September 2000, pursuant to the terms of his employment agreement, Franc Ferola renewed his agreement with the Company for an additional three-year term. Mr. Ferola is entitled to receive a base salary of \$125,000 per annum, with annual increases of 10% and an annual stock option grant of 10,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on the date of grant. In addition, for the remaining term of

## Edgar Filing: STEPHAN CO - Form 10-K/A

the agreement, Franc Ferola is entitled to receive an annual performance bonus based on increases of at least 10% in the Company's earnings per share, as determined by a formula set forth in his employment agreement calculated by comparison to a base year of 2000.

In the event of a change in control, including a sale, merger or acquisition (as defined in the employment agreement) of the Company, Franc Ferola is entitled to receive an amount equal to his base salary for the remaining term of his employment agreement plus an additional 12 months' salary. In addition, upon such an event, Franc Ferola is entitled to receive from the Company, in a lump-sum payment, an amount equal to the most recent annual bonus paid multiplied by the sum of the number of years (including any fraction thereof) remaining in the term of his agreement plus one.

### Other Transaction

In 2000, the Company entered into a separation agreement with a former executive officer providing for the lump-sum payment of approximately \$380,000 who resigned for health reasons.

### Item 14. Controls and Procedures

As of a date within 90 days of the filing date of this annual report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was performed under the supervision and with the participation of the Company's management, including the chief executive officer and principal financial officer. Based on that evaluation, the Company's management, including the chief executive officer and chief financial officer, concluded that the Company's disclosure controls and procedures were effective as of the evaluation date. Subsequent to the evaluation date, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls.

31

### Item 15. Principal Accountant Fees and Services

Deloitte & Touche LLP, are the principal independent accountants of the Company. In 2002, the Audit Committee of the Company recommended for approval, and the board of directors of the Company approved, a policy that thereafter the Company's auditors would be retained solely to provide audit and audit-related services and advice with respect to tax matters, and that the auditors would not be retained to provide consulting services.

#### Audit Fees

Deloitte & Touche billed the Company and its subsidiaries \$154,650 and \$150,300 for 2002 and 2001, respectively, for the audit services, including the audit of the annual consolidated financial statements of the Company for the fiscal years ended December 31, 2002 and 2001 and reviews of the interim financial statements of the Company included in quarterly reports on Form 10-Q and quarterly reports to shareholders for the periods ended March 31, June 30 and September 30, 2002 and 2001.

## Edgar Filing: STEPHAN CO - Form 10-K/A

There were no other fees billed by Deloitte & Touche to the Company in connection with audit-related, tax or other services.

32

### PART IV

Item 16. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Exhibits

10.1 Employment Agreement dated January 1, 1996 and renewals dated January 1, 1998 and January 1, 2001, between The Stephan Co. and Franc Ferola.

10.2 Employment Agreement dated January 1, 1997, and renewals dated December 1, 1999 and March 14, 2002, between The Stephan Co. and Frank F. Ferola.

10.3 Separation agreement dated November 17, 2000 between The Stephan Co. and Lucille Murphy.

99.1 Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

99.2 Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

33

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto, duly authorized.

THE STEPHAN CO.

By: /s/ Frank F. Ferola

\_\_\_\_\_  
Frank F. Ferola  
President and Chairman of the Board  
April 30, 2003

By: /s/ David A. Spiegel

\_\_\_\_\_  
David A. Spiegel  
Principal Financial Officer  
Principal Accounting Officer  
April 30, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

By: /s/ Frank F. Ferola

\_\_\_\_\_  
Frank F. Ferola, Principal

By: /s/ Thomas M. D'Ambrosio

\_\_\_\_\_  
Thomas M. D'Ambrosio

Edgar Filing: STEPHAN CO - Form 10-K/A

Executive Officer and Director  
Date: April 30, 2003

Vice President and Director  
Date: April 30, 2003

By: /s/ John DePinto

By: /s/ Curtis Carlson

\_\_\_\_\_  
John DePinto, Director  
Date: April 30, 2003

\_\_\_\_\_  
Curtis Carlson, Director  
Date: April 30, 2003

By: /s/ Leonard Genovese

By: /s/ Shouky Shaheen

\_\_\_\_\_  
Leonard Genovese, Director  
Date: April 30, 2003

\_\_\_\_\_  
Shouky Shaheen, Director  
Date: April 30, 2003

39

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Exhibit 99.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of The Stephan Co. (the "Company") on Form 10-K/A for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank F. Ferola, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank F. Ferola

---

Frank F. Ferola  
Chief Executive Officer  
April 30, 2003

Edgar Filing: STEPHAN CO - Form 10-K/A

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Exhibit 99.2

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of The Stephan Co. (the "Company") on Form 10-K/A for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Spiegel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David A. Spiegel

---

David A. Spiegel  
Chief Financial Officer  
April 30, 2003



## Edgar Filing: STEPHAN CO - Form 10-K/A

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank F. Ferola, certify that:

1. I have reviewed this annual report on Form 10-K/A of The Stephan Co.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

36

CERTIFICATION OF CHIEF EXECUTIVE OFFICER (continued)

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

Edgar Filing: STEPHAN CO - Form 10-K/A

6. The Registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Frank F. Ferola

---

Frank F. Ferola  
Chief Executive Officer  
April 30, 2003

37

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David A. Spiegel, certify that:

1. I have reviewed this annual report on Form 10-K/A of The Stephan Co.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such

## Edgar Filing: STEPHAN CO - Form 10-K/A

statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

38

CERTIFICATION OF CHIEF FINANCIAL OFFICER (continued)

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ David A. Spiegel

---

David A. Spiegel  
Chief Financial Officer  
April 30, 2003

