

AMERICAN STONE INDUSTRIES INC
Form DEF 14A
March 16, 2005

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

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934
(AMENDMENT NO. _____)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE
14A-6(e) (2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Section 240.14a-12

AMERICAN STONE INDUSTRIES, 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.

[] 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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pursuant to Exchange Act Rule 0-11 (Set forth the amount on which
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(4) Proposed maximum aggregate value of transaction:_____

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- (2) Form, Schedule or Registration Statement No.:_____
- (3) Filing Party:_____
- (4) Date Filed:_____

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AMERICAN STONE INDUSTRIES, INC.
230 West Main Street
South Amherst, Ohio 44001-2926

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 20, 2005

To Our Stockholders:

The Annual Meeting of Stockholders of American Stone Industries, Inc. (the "Company") will be held at the Union Club of Cleveland, 1211 Euclid Avenue, Cleveland, Ohio, on Wednesday, April 20, 2005, at 10:30 a.m., local time, to:

- (1) Elect seven Directors, each to serve for a term of one year; and
- (2) Transact such other business as may properly come before the meeting.

Only those holders of Common Stock of record at the close of business on March 9, 2005 are entitled to notice of and to vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ Michael J. Meier

Michael J. Meier
Secretary

March 16, 2005

The Company's Annual Report for the year ended December 31, 2004 is enclosed. The Annual Report contains financial and other information about the Company, but is not incorporated into the Proxy Statement and is not deemed to be a part of the proxy soliciting material.

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. Please sign, date and return your proxy card in the return envelope provided as soon as possible. This will not prevent you from voting your shares in person if you are present at the Annual Meeting.

AMERICAN STONE INDUSTRIES, INC.
230 West Main Street
South Amherst, Ohio 44001-2926

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 20, 2005

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This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of American Stone Industries, Inc. ("American Stone" or the "Company") of proxies to be used at the Annual Meeting of Stockholders of the Company to be held on Wednesday, April 20, 2005, at 10:30 a.m., local time, at the Union Club of Cleveland, 1211 Euclid Avenue, Cleveland, Ohio (the "Annual Meeting") and at any adjournment or postponement thereof.

The accompanying proxy is solicited by the Board of Directors of the Company and will be voted in accordance with the instructions contained therein if it is returned duly executed and is not revoked before it is voted. If no choice is specified on the proxy it will be voted FOR the election of the seven nominees for Director named herein. Any stockholder giving a proxy pursuant to this solicitation may revoke it by giving written notice to the Secretary of the Company at any time prior to its exercise, by voting in person at the Annual Meeting or by submission of a duly executed proxy bearing a later date.

This Proxy Statement and accompanying form of proxy are being mailed to stockholders on or about March 16, 2005.

The record date for determination of stockholders entitled to vote at the Annual Meeting was the close of business on March 9, 2005. On that date, 2,032,021 shares of Common Stock were outstanding and entitled to vote. The Company has no other voting securities outstanding.

At the Annual Meeting, in accordance with the Delaware General Corporation Law and the Company's Bylaws, the inspectors of election appointed by the Board of Directors for the Annual Meeting will determine the presence of a quorum and will tabulate the results of stockholder voting. The holders of a majority of the outstanding shares of the Company's Common Stock entitled to vote at the meeting, present in person or by proxy, will constitute a quorum. The inspectors of election intend to treat properly executed proxies that are marked, with respect to election of Directors, as "vote withheld" or, with respect to any other proposals, "abstain," as shares present for purposes of determining whether a quorum is present. Likewise, broker non-votes will be counted in determining a quorum.

The seven nominees for Director receiving the greatest number of votes will be elected. In the election of Directors, votes may be cast in favor or withheld; votes that are withheld or broker non-votes will have no effect on the outcome of the election of Directors.

In voting on matters other than the election of Directors, proposals will be decided by the vote of holders of a majority of the outstanding shares entitled to vote thereon present in person or by proxy at the meeting, unless otherwise provided by law or by the Certificate of Incorporation. In voting on such other matters, votes may be cast in favor, against or abstained. Abstentions will count as present for purposes of the proposal on which the abstention is noted and will have the effect of a vote against the proposal. Broker non-votes, however, are not counted as present and entitled to vote for purposes of determining whether a proposal has been approved and will have no effect on the outcome of any proposal requiring the affirmative vote of the holders of a majority of the outstanding shares present and entitled to vote.

ELECTION OF DIRECTORS

Under the Company's Bylaws adopted by the stockholders on November 22, 1996, the authorized number of Directors of the Company shall be not less than three, nor more than seven, as may be fixed from time to time by resolution of the Board of Directors, and each Director shall be elected or designated to

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serve and hold office until the next Annual Meeting of Stockholders. The Board of Directors has fixed the number of Directors at seven. All of the current Directors of the Company have been nominated to be re-elected for one-year terms. Unless otherwise specified, all duly executed proxies will be voted FOR the election of the nominees named below. The persons designated as proxies, however, reserve full discretion to cast votes for other persons if any nominee is unable to serve. All nominees have indicated their willingness to serve as Directors, if elected, and the Company has no reason to believe they will be unable to serve.

Information about the Director nominees is set forth in the following paragraphs.

DIRECTOR NOMINEES FOR TERMS EXPIRING IN 2006

Enzo Costantino..... Mr. Costantino has served as Treasurer of the Company and as a Director since 1996. He has been Secretary and Treasurer of Terrazzo, Mosaic & Tile Company, Ltd. since 1994. Terrazzo, Mosaic & Tile, located in Toronto, Ontario, is a subcontractor for all types of hard and soft commercial surfaces. Prior to joining Terrazzo, Mosaic & Tile, Mr. Costantino was the controller of Daicon Contractors, a general contractor located in Toronto, Ontario, from 1989 to 1994, and the cost accounting manager for Canada Packers, a meat processor located in Toronto, Ontario, from 1983 to 1989.
Age 43
Director since 1996

Glen Gasparini..... Mr. Gasparini has served as a Director since 1995 and was President and Chief Executive Officer of the Company from 1995 to 1997. He has been President of Terrazzo, Mosaic & Tile Company, Ltd. since 1975.
Age 52
Director since 1995

Michael J. Meier..... Mr. Meier has served as Secretary of the Company and as a Director since 1996. He has been the Corporate Controller and Chief Accounting Officer of PolyOne Corporation (NYSE: POL) since January 2004. PolyOne Corporation, headquartered in Avon Lake, Ohio with 2004 annual revenues of approximately \$2 billion, is an international polymer services company with operations in thermoplastic compounds, specialty polymer formulations, color and additive systems, and thermoplastic resin distribution. From September 2002 until January 2004 he was the Director of Finance for the Elastomers and Performance Additives Group of PolyOne. From May 1999 until December 2002 he was the Director of Finance and Information Technology of the Specialty Resins and Formulators Group of PolyOne. He was previously Vice-President of Finance, Chief Financial Officer, Secretary and Treasurer of Defiance, Inc. (Nasdaq: DEFI) from 1990 until February 1999. Defiance, a supplier of products and services to the U.S. transportation industry, was purchased by General Chemical Group, Inc. (NYSE: GCG) in February 1999.
Age 50
Director since 1996

Timothy I. Panzica..... Mr. Panzica has served as a Director of the Company since 1996. He has been Executive Vice-President of Panzica Construction Company since 1981. Panzica Construction Company, a 47 year old firm located in Cleveland, Ohio, is a full service construction management/general contracting organization with
Age 49
Director since 1996

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expertise in all aspects of commercial construction. Panzica Construction Company is part of the Panzica Group of companies, which specializes in real estate development, design/build, and property management.

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|---|--|
| Thomas H. Roulston II... Age 71 Director since 1996 | Mr. Roulston has served as Chairman of the Board of the Company and as a Director since 1996. Since February 1994, he has been the Chairman of the Board of MJM Industries, a privately held manufacturer. He founded Roulston & Company, Inc. in 1963 and was its Chairman from 1963 to 2000. Roulston & Company was a registered investment adviser located in Cleveland, Ohio. Mr. Roulston was also Chairman of the Board of Directors of Defiance, Inc. (Nasdaq: DEFI) through February 1999. Defiance, a supplier of tooling systems, testing services, specialty anti-friction bearings and precision-machined products to the U.S. transportation industry, with headquarters in Cleveland, Ohio, was purchased by General Chemical Group, Inc. (NYSE: GCG) in February 1999. Mr. Roulston is also a Director of several privately held companies. |
| Louis Stokes..... Age 80 Director since 1999 | Mr. Stokes has served as a Director of the Company since January 1999. From 1969 to 1999, Mr. Stokes served as a Congressman in the United States House of Representatives. In February 1999, Mr. Stokes took a position as senior counsel at Squire, Sanders & Dempsey, a Cleveland-based law firm, and joined the faculty of the Mandel School of Applied Social Sciences at the Case Western Reserve University. Mr. Stokes is also a Director of Forest City Enterprises, Inc. (NYSE: FCEa). |
| John R. Male..... Age 56 Director since 2002 | Mr. Male has been with Park View Federal Savings Bank (the "Bank") since 1971, and was named President and Chief Executive Officer of the Bank in 1986. He was named President of PVF Capital Corp. (Nasdaq: PVFC) upon its organization as a holding company for the Bank in 1994. Mr. Male was named Chairman of the Board of Directors and Chief Executive Officer of PVF Capital Corp. and the Bank in October 2000. Mr. Male also serves in various public service and charitable organizations. |

INFORMATION REGARDING MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee. The Audit Committee, established in September 1996 and consisting entirely of non-employee Directors, met twice in fiscal 2004. The Audit Committee has adopted a written charter. The committee reviews the external audit plan and activities, the Company's annual financial statements and the Company's system of internal and financial controls. The committee also approves in advance all audit, audit-related and nonaudit services provided by the independent auditors and reviews all significant fees related to these services. The committee also selects the independent auditors. Members of the Audit Committee are Michael J. Meier (Chairman), Enzo Costantino and John R. Male. Mr. Meier and Mr. Male are independent directors, as defined under Nasdaq

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listing standards and Mr. Meier qualifies as an "audit committee financial expert" as defined by regulations of the Securities and Exchange Commission.

Compensation Committee. The Compensation Committee, established in September 1996 and consisting entirely of non-employee Directors, met once in fiscal 2004. The committee administers the incentive plans of the Company and its subsidiaries, approves changes in senior executive compensation and recommends changes in the Company's incentive plans to the Board. The committee also recommends the retainer and attendance fees for Directors. Members of the Compensation Committee are Timothy I. Panzica (Chairman), Thomas H. Roulston II, and Glen Gasparini.

Executive Committee. The Executive Committee, established in September 1996 and consisting entirely of non-employee Directors, did not meet in fiscal 2004. The committee acts upon matters requiring Board action during the intervals between Board meetings and includes all the functions of the Board of Directors other than the filling of vacancies in the Board of Directors or in any of its committees. Members of the Executive Committee are Thomas H. Roulston II (Chairman) and Glen Gasparini.

Nominating Committee. The Nominating Committee, established in February 2004, is governed by a written charter adopted by the Board of Directors. The nominating committee charter is not available at the Company website. The current members of the Nominating Committee, Thomas H. Roulston and Glen Gasparini, are not "independent directors" as defined under Nasdaq listing standards. The Nominating Committee charter provides in part that the committee shall seek to identify potential directors with relevant experience in business and industry, government, education and other areas beneficial to the Board of Directors as a whole and that the Nominating Committee shall monitor the mix in order to ensure that the Board has the necessary tools to perform its functions effectively. The charter requires that the Nominating Committee recommend annually nominees for election to the Board. Each recommended nominee must have indicated willingness to serve on the Board and must be prepared to represent the interests of the Company and its stockholders in general and not just to represent a particular stockholder or group. The Nominating Committee charter provides in part that the Nominating Committee shall consider all director nominees recommended to it, including those recommended by third parties such as stockholders, and that such recommendation shall be evaluated using the same criteria as applicable to candidates identified by the Nominating Committee. Such recommendations should be directed in writing to any member of the Nominating Committee, at the address of the principal office of the Company, and should be accompanied by a written statement by the recommended party that he or she is willing to serve if elected and a written statement of the qualifications of the recommended person.

ATTENDANCE AT MEETINGS

The Board of Directors of the Company met nine times during fiscal 2004. During fiscal 2004 each Director attended at least 75 percent of the meetings of the Board of Directors and any Committee of the Board of Directors on which he or she served. The Company does not have a written policy regarding attendance at Annual Meetings, but the Company encourages all board members to attend. All board members attended the Annual Meeting held in 2004.

COMMUNICATIONS FROM SECURITY HOLDERS TO THE BOARD OF DIRECTORS

Any security holder may send a written communication to the full Board of Directors by addressing it to the Chairman of the Board in care of the Company's principal place of business. Any security holder may send a written communication to a specific member of the Board of Directors by addressing it to

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the individual board member in care of the Company's principal place of business. All such security holder communications will be relayed to the Chairman of the Board or the specific member of the Board of Directors as applicable.

COMPENSATION OF DIRECTORS

No Directors' fees are paid to Directors. All Directors are reimbursed for reasonable out-of-pocket expenses incurred in connection with their services as Directors.

On June 24, 1998, the stockholders approved the American Stone Industries, Inc. 1998 Non-Employee Director Stock Option Plan (the "Non-Employee Option Plan"). Under this plan, each non-employee Director automatically receives an option to purchase 1,500 shares of Common Stock on the date of each annual meeting of stockholders in which the Director is elected or re-elected to the Board of Directors. In addition, each Director receives an option to purchase 150 shares of Common Stock for each Board or committee meeting attended. The Chairman of the Board receives twice the number of options as the other Directors. Each option is granted at the fair market value of the Common Stock on the date of grant and expires on the fifth anniversary of the date of grant. All options granted are non-qualified stock options for federal income tax purposes. On February 19, 2003, the Board of Directors unanimously approved amending the Non-Employee Option Plan to extend the terms of all options granted under the Non-Employee Option Plan that were outstanding prior to the Board meeting on February 19, 2003 for an additional three years. The number of options subject to this amendment was 110,954 at a weighted average exercise price of \$5.86.

AUDIT COMMITTEE REPORT

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Audit Committee's activities are governed by a written charter adopted by the Board of Directors. The charter includes the Audit Committee's pre-approval policies and procedures related to engaging audit or non-audit services.

Management has the primary responsibility for the Company's financial statements and the reporting process, including the system of internal controls. The independent auditors audit the annual financial statements prepared by management and express an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America. The Audit Committee monitors these processes.

In this context, the Audit Committee met and held discussions with management and the independent auditors. Management represented to the Audit Committee that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee reviewed and discussed the audited financial statements with management and the independent auditors, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of specific judgments and the clarity of disclosures in the financial statements. The Audit Committee also discussed with the independent auditors such other matters as are required to be discussed with the Audit Committee under auditing standards generally accepted in the United States of America.

In addition, the independent auditors provided to the Audit Committee the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), related to the auditors'

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independence. The Audit Committee discussed with the independent auditors the auditors' independence from the Company and its management and considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee discussed with the Company's financial management and independent auditors the overall scope and plans for the audit. The Audit Committee also met with the independent auditors, with and without management present, to discuss the results of the examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. In addition, the Audit Committee considered other areas of its oversight relating to the financial reporting process that it determined appropriate.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Michael J. Meier, Chairman
Enzo Costantino
John R. Male

AUDIT AND RELATED FEES

AUDIT FEES

The aggregate fees billed by Hobe & Lucas for professional services for the audit of the Company's annual consolidated financial statements and the review of the consolidated financial statements included in the Company's Forms 10-QSB was \$36,517 for fiscal year 2003 and \$39,395 for fiscal year 2004.

AUDIT-RELATED FEES

Hobe & Lucas did not perform "audit-related" services for the Company in fiscal years 2003 or 2004.

TAX FEES

The aggregate fees billed to the Company for tax compliance services rendered by Hobe & Lucas were \$6,000 for fiscal year 2003 and \$6,000 for fiscal year 2004. The Audit Committee has determined that the provision of these services is compatible with maintaining the independence of Hobe & Lucas.

ALL OTHER FEES

Hobe & Lucas did not bill the Company for any services or products during fiscal years 2003 and 2004 except as described above.

COMMON STOCK OWNERSHIP

BENEFICIAL OWNERSHIP OF STOCKHOLDERS OWNING MORE THAN FIVE PERCENT

The following table sets forth beneficial owners known to the Company of more than five percent of the Company's outstanding Common Stock as of February

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28, 2005. All information with respect to beneficial ownership has been furnished by the respective five percent beneficial holder.

| NAME AND ADDRESS OF BENEFICIAL OWNER | NUMBER OF SHARES BENEFICIALLY OWNED | PERCENT OF TOTAL SHARES |
|---|--|----------------------------|
| Roulston Ventures Limited Partnership(1).. 1200 East Street Fairport Harbor, Ohio 44077 | 490,000 | 24.1% |
| Roulston Venture Capital, L.P.(2)..... 1200 East Street Fairport Harbor, Ohio 44077 | 200,000(3) | 9.8% |
| TMT Masonry, Ltd.(4)..... 900 Keele Street Toronto, Ontario, Canada M6N 3E7 | 300,000 | 14.8% |

-
- 1 Mr. Thomas H. Roulston II, Director and Chairman of the Board of the Company, is a general partner and 9% owner of Roulston Ventures Limited Partnership. Refer to the table regarding Directors and executive officers for detail.
 - 2 Mr. Thomas H. Roulston II, Director and Chairman of the Board of the Company, is a general partner and 10% owner of Roulston Venture Capital, L.P. Refer to the table regarding Directors and executive officers for detail.
 - 3 Includes 60,000 shares of Common Stock that are issuable upon conversion of a convertible subordinated note in the principal amount of \$300,000 at a conversion rate of \$5.00 per share.
 - 4 Mr. Glen Gasparini, a Director of the Company, is President and 75% shareholder of TMT Masonry, Ltd. Refer to the table regarding Directors and executive officers for detail.

BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the number of shares of Common Stock beneficially owned as of February 28, 2005 by each Director and the executive officer of the Company. All information with respect to beneficial ownership has been furnished by the respective Director or executive officer. All shares shown in the table reflect sole voting and investment power unless otherwise indicated.

| NAME AND ADDRESS OF BENEFICIAL OWNER(1) | NUMBER OF SHARES BENEFICIALLY OWNED | PERCENT TOTAL SH |
|--|--|---------------------|
| Thomas H. Roulston II..... | 786,785(3) | 36.9 |
| Glen Gasparini..... | 335,555(4) | 16.4 |

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| | | |
|--|----------------|------|
| Timothy I. Panzica..... | 21,850 (5) | 1.1 |
| Michael J. Meier..... | 20,239 (6) | 1.0 |
| Enzo Costantino..... | 19,400 (7) | * |
| Louis Stokes..... | 17,697 (8) | * |
| Russell Ciphers, Sr. | 55,416 (9) | 2.7 |
| John R. Male..... | 27,325 (10) | 1.3 |
| All Directors and executive officers as a group (8 persons)... | 1,284,267 (11) | 56.3 |

* Represents less than 1%.

- 1 The address of each beneficial owner is c/o American Stone Industries, Inc., 231 West Main Street, South Amherst, Ohio 44001-2926.
- 2 Based on 2,032,021 shares of Common Stock outstanding on February 28, 2005, adjusted for shares subject to options exercisable within 60 days following February 28, 2005 held either by the named individuals or by the group as a whole.
- 3 Includes 10,000 shares held by Mr. Roulston's wife. Mr. Roulston disclaims beneficial ownership of these shares. Shares of Common Stock beneficially owned by Mr. Roulston also include 490,000 shares held by Roulston Ventures Limited Partnership, of which Mr. Roulston is a general partner and 9% owner and 200,000 shares held by Roulston Venture Capital, L.P. of which Mr. Roulston is a general partner and 10% owner. Refer to the table regarding stockholders owning more than 5% for detail. Mr. Roulston's wife is also a 9% owner of Roulston Ventures Limited Partnership. Mr. Roulston has sole voting and investment power of Roulston Ventures Limited Partnership and Roulston Venture Capital, L.P. in a fiduciary capacity. Also includes options, exercisable within 60 days of February 28, 2005, to purchase 39,600 shares.
- 4 Shares of Common Stock beneficially owned by Mr. Gasparini include 300,000 shares held by TMT Masonry, Ltd., of which Mr. Gasparini is President and a 75% shareholder and 18,455 shares held by Terrazzo, Mosaic & Tile Company, Ltd., of which Mr. Gasparini is President and a 75% shareholder. Also includes options, exercisable within 60 days of February 28, 2005, to purchase 17,100 shares.
- 5 Includes options, exercisable within 60 days of February 28, 2005, to purchase 19,650 shares.
- 6 Includes options, exercisable within 60 days of February 28, 2005, to purchase 14,534 shares.
- 7 Includes options, exercisable within 60 days of February 28, 2005, to purchase 18,900 shares.
- 8 Includes options, exercisable within 60 days of February 28, 2005, to purchase 16,950 shares.
- 9 Includes options, exercisable within 60 days of February 28, 2005, to purchase 55,416 shares.
- 10 Shares of stock owned by Mr. Male include 19,975 shares held by Male Family Limited Partnership of which Mr. Male is a 24.5% Limited Partner. Also includes options, exercisable within 60 days of February 28, 2005 to purchase 7,350 shares.
- 11 Includes (a) options, exercisable within 60 days of February 28, 2005, to

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purchase 189,500 shares and (b) 60,000 shares issuable upon conversion of promissory notes as described in the table regarding stockholders owning more 5%.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth the annual and long-term compensation for the years ended December 31, 2004, 2003 and 2002 for the Company's Chief Executive Officer (the "Named Executive Officer"). No other executive officers received compensation whose annual salary and bonus exceeded \$100,000 during that year.

| NAME AND PRINCIPAL POSITION | YEAR | ANNUAL COMPENSATION | | | LONG TERM COMPENSATION | ALL O |
|-----------------------------|------|---------------------|-------|---------------------------|-------------------------------|--------------|
| | | SALARY | BONUS | OTHER ANNUAL COMPENSATION | AWARDS | |
| | | | | | SECURITIES UNDERLYING OPTIONS | COMPENSATION |
| Russell Ciphers, Sr. (1) | 2004 | \$112,431 | - | - | - | \$3,3 |
| President and | 2003 | \$101,039 | - | - | - | \$2,0 |
| Chief Executive Officer | 2002 | \$ 30,500 | - | - | - | |

(1) Mr. Ciphers became President and Chief Executive Officer on October 23, 2002.

The Named Executive Officer did not receive personal benefits or perquisites during fiscal 2004, 2003 or 2002 in excess of the lesser of \$50,000 or 10% of his aggregate salary and bonus.

OPTION GRANTS IN LAST FISCAL YEAR

On June 1, 2004, Mr. Ciphers was granted 50,000 shares of stock options at \$6.00 per share of which 5,416 shares vested upon grant, 16,666 shares vest on June 1, 2005, 16,666 shares vest on June 1, 2006, and 11,252 shares vest on June 1, 2007.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END VALUES

The following table summarizes options that were exercised during fiscal 2004 and presents the value of unexercised options held by the Named Executive Officers at fiscal year end.

| NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL | VA IN-T OPTION |
|--|----------------------|
|--|----------------------|

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| NAME | SHARES ACQUIRED ON EXERCISE (#) | VALUE REALIZED (\$) | YEAR-END (#) | | YEAR- |
|----------------------|------------------------------------|------------------------|--------------|---------------|-------------|
| | | | EXERCISABLE | UNEXERCISABLE | EXERCISABLE |
| Russell Ciphers, Sr. | 0 | - | 55,416 | 44,458 | \$174,062 |

(1) Calculated based on the closing price of \$6.75 per share on December 31, 2004.

EMPLOYMENT AGREEMENTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

The Company does not have any agreements regarding employment and does not have any change-in-control arrangements.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

No Director has any family relationship to any other Director of the Company.

On November 22, 1996, TMT Masonry, Ltd. ("TMT"), Roulston Ventures Limited Partnership ("Roulston Ventures") and the Company entered into a Share Purchase Option Agreement ("Agreement"). Pursuant to the terms of the Agreement, in the event that TMT or Roulston Ventures intends to sell all or any part of their shares of Common Stock of the Company, the selling party shall first offer to the Company the opportunity to purchase such shares and, in the event that the Company declines to purchase such shares, shall offer such shares to the other party to the Agreement. Upon tender, the Company has 15 days within which to accept the offer before the shares will be made available to the other party to the Agreement. In the event that neither the Company nor the other party buys the shares, they may be sold to a third party.

Effective as of October 1, 2002, Roulston Ventures renewed a loan to the Company in the principal amount of \$150,000 under a 6% convertible subordinated note, due October 1, 2004. Interest was payable quarterly and the principal was due at maturity. Effective October 1, 2004, Roulston Ventures converted the note pursuant to its terms into Common Stock at the price of \$5.00 per share, which represented the fair market value per share of Common Stock as estimated by the Board of Directors of the Company based on a review of bid, ask and close prices during recent periods at the time of issuance of the note. This note was subordinated to all senior bank debt and was approved on October 23, 2002 by unanimous vote of the Board of Directors of the Company with Mr. Roulston abstaining from the vote.

Effective as of October 1, 2002, Roulston Venture Capital, L.P. loaned the Company \$300,000 under a 6% convertible subordinated note due October 1, 2005. Interest is payable quarterly and the principal is due at maturity. Roulston Venture Capital, L.P. has the right to convert the note, or any portion thereof, into Common Stock during the term of the note at the price of \$5.00 per share, which represents the fair market value per share of Common Stock as estimated by the Board of Directors of the Company based on a review of bid, ask and close prices during recent periods at the time of issuance of the note. This note is subordinated to all senior bank debt and was approved on October 23, 2002 by unanimous vote of the Board of Directors of the Company with Mr. Roulston abstaining from the vote.

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On December 18, 2002, American Stone Corporation, a wholly-owned subsidiary of the Company, purchased approximately 150 acres of property adjacent to the Company in the Township and Village of South Amherst, Lorain County, Ohio from Amherst Quarry, Inc., P.O. Box 1072, Amherst, Ohio 44001 for the purchase price of \$500,000. The purchase price was determined by an independent third party appraiser. Mr. Gasparini and Mr. Costantino are holders of 60% and 20%, respectively, of the shares of Amherst Quarry, Inc. American Stone Corporation delivered a promissory note to Amherst Quarry, Inc. for the full purchase price bearing interest at the rate of 4.5% per annum with all outstanding interest and principal due and payable in a single lump-sum installment on November 21, 2007. In addition, upon the note's expiration, or if during the term of the note any part of the property is sold to a third party, American Stone Corporation is obligated to pay Amherst Quarry, Inc. on the maturity date 50% of the difference between the fair market value of the property and the purchase price of \$500,000. The note is secured by a mortgage deed executed by American Stone Corporation in favor of Amherst Quarry, Inc. granting a mortgage lien upon the property. The transaction was approved on November 20, 2002 by unanimous vote of the Board of Directors of the Company with Mr. Gasparini and Mr. Costantino abstaining from the vote.

The Company has adopted a policy whereby in the event that management recommends the Company, or any of its subsidiaries, enter into any business transactions with a related party, such transactions will be reviewed by a majority of the Board who are independent. In addition, if a Director is affiliated with the subject related party, that Director will abstain from voting on any such proposal.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's Directors, executive officers and greater than ten percent stockholders to file reports of ownership and changes in ownership with

the Securities and Exchange Commission and to furnish the Company with copies of all such filings. Based solely on its review of copies of reports furnished to the Company and, where applicable, any written representation that no reports were required, the Company believes during fiscal 2003 all but one Section 16(a) filing requirements were met. One Form 4 filing for Thomas H. Roulston II regarding a single transaction on October 1, 2004 was reported late during 2004.

INDEPENDENT ACCOUNTANTS

The firm of Hobe & Lucas served as independent accountants for the Company for the fiscal year ended December 31, 2004, and have been named as such for the current fiscal year. Representatives of Hobe & Lucas are expected to be present at the Annual Meeting with the opportunity to make a statement if they so desire and to be available to respond to appropriate questions.

EXPENSES OF SOLICITATION

The Company expects to solicit proxies primarily by mail, but Directors, officers and employees of the Company may also solicit proxies in person or by telephone. All reasonable expenses in connection with the solicitation of proxies will be borne by the Company. The Company will make arrangements for the forwarding, at the Company's expense, of soliciting materials by brokers, nominees, fiduciaries and other custodians to their principals.

STOCKHOLDERS' PROPOSALS FOR 2005 ANNUAL MEETING

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Stockholder proposals to be presented at the 2006 Annual Meeting, which is expected to be held in April 2006, must be received by the Corporate Secretary if they are to be included in the Company's Proxy Statement and form of proxy by November 18, 2005. To be eligible for inclusion in the 2006 proxy materials, such proposal must conform to the requirements set forth in Regulation 14A promulgated under the Exchange Act.

OTHER MATTERS

As of the date of this Proxy Statement, the management of the Company has no knowledge of any matters to be presented for consideration at the meeting other than those referred to above. If any other matters properly come before the meeting, the persons named in the accompanying form of proxy intend to vote such proxy according to their best judgment on such matters insofar as the proxies are not limited to the contrary.

Upon the receipt of a written request from any stockholder entitled to vote at the Annual Meeting, the Company will mail, at no charge to the stockholder, a copy of the Company's Annual Report on Form 10-KSB, including the financial statements and schedules required to be filed with the Securities and Exchange Commission pursuant to Rule 13a-1 under the Exchange Act, for the Company's most recent fiscal year. Requests from beneficial owners of the Company's voting securities must set forth a good-faith representation that, as of the record date for determination of stockholders entitled to vote at the Annual Meeting, the person making the request was the beneficial owner of securities entitled to vote at such Annual Meeting. Written requests for the Annual Report on Form 10-KSB should be directed to: Michael J. Meier, Secretary, American Stone Industries, Inc., 230 West Main Street, South Amherst, Ohio 44001-2926.

You are urged to sign and return your Proxy promptly in order to make certain your shares will be voted at the Annual Meeting. For your convenience a return envelope is enclosed requiring no additional postage if mailed in the United States.

By Order of the Board of Directors,

/s/ Michael J. Meier

Michael J. Meier
Secretary

March 16, 2005

AMERICAN STONE INDUSTRIES, INC. PROXY

IF NO INSTRUCTION IS INDICATED, AUTHORITY IS GRANTED TO CAST THE VOTE OF THE UNDERSIGNED FOR THE ELECTION OF THE NOMINEES FOR DIRECTOR.

THE BOARD OF DIRECTORS RECOMMENDS THAT VOTES BE CAST FOR ALL NOMINEES.

(1) Election of Directors

Nominees: Enzo Costantino Glen Gasparini John R. Male
Michael J. Meier Timothy I. Panzica Thomas H. Roulston II Louis Stokes

[] FOR all nominees [] WITHHOLD AUTHORITY to vote for all nominees

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(except as marked to the contrary)

INSTRUCTION: IF YOU WISH TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST ABOVE.

- (2) In their discretion, the proxies are authorized to vote upon any other business which may come before the meeting or any adjournments or postponements thereof.

(Continued, and to be signed on other side)

AMERICAN STONE INDUSTRIES, INC.

PROXY THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS PROXY

The undersigned stockholder of American Stone Industries, Inc. (the "Company") hereby appoints Thomas H. Roulston II and Glen Gasparini the proxies of the undersigned to vote the shares of Common Stock of the undersigned at the 2005 Annual Meeting of Stockholders of the Company to be held at the Union Club of Cleveland, 1211 Euclid Avenue, Cleveland, Ohio on Wednesday, April 20, 2005, at 10:30 a.m., local time, and at any adjournment thereof.

IF NO INSTRUCTION IS INDICATED ON THE OTHER SIDE, AUTHORITY IS GRANTED TO CAST THE VOTE OF THE UNDERSIGNED FOR THE ELECTION OF THE NOMINEES FOR DIRECTOR.

Dated _____, 2005

Signature_____

NOTICE: When signing as a fiduciary or on behalf of a corporation, limited liability company or other similar entity, your title or capacity should be shown.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.