

VARSITY BRANDS INC
Form SC 13D
July 15, 2003

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE
13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT RULE 13d-2(a)**

(Amendment No.)(1)

VARSITY BRANDS, INC.

(Name of Issuer)

COMMON STOCK, \$.01 PAR VALUE

(Title of Class of Securities)

765670-10-4

(CUSIP Number)

John McConnaughy, Jr.
3 Parklands Drive
Darien, Connecticut 06820

with a copy to:

Clifford A. Brandeis
Zukerman Gore & Brandeis, LLP
900 Third Avenue 8 Floor
New York, New York 10022
(212) 223-6700

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

April 21, 2003

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box: o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

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(1) The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see the Notes*).

Page 1 of 11 sequentially numbered pages

CUSIP No. 765670-10-4

13D

Page 2 of 11 Pages

(1) Names of Reporting Persons.
John McConnaughy, Jr.
S.S. or I.R.S. Identification Nos. of Above Persons
(Entities Only)

(2) Check the Appropriate Box if a Member of a Group (a)
(b)

(3) SEC Use Only

(4) Source of Funds
00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) o

(6) Citizenship or Place of Organization
United States

NUMBER OF SHARES BENEFICIALLY	(7) Sole Voting Power 412,069
OWNED BY EACH REPORTING PERSON WITH	(8) Shared Voting Power 1,061,435
	(9) Sole Dispositive Power 412,069
	(10) Shared Dispositive Power 1,061,435

(11) Aggregate Amount Beneficially Owned by Each Reporting Person
1,061,435

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares* o

(13) Percent of Class Represented by Amount in Row (11)
11.0%

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(14) Type of Reporting Person
IN

CUSIP No. 765670-10-4

13D

Page 3 of 11 Pages

(1) Names of Reporting Persons.
JEMC CORP.
S.S. or I.R.S. Identification Nos. of Above Persons
203-22-1304

(2) Check the Appropriate Box if a Member of a Group (a)
(b)

(3) SEC Use Only

(4) Source of Funds
00

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization
Delaware

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH REPORTING
PERSON WITH

(7) Sole Voting Power
649,366

(8) Shared Voting Power
None

(9) Sole Dispositive Power
649,366

(10) Shared Dispositive Power
None

(11) Aggregate Amount Beneficially Owned by Each Reporting Person
649,366

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares*

(13) Percent of Class Represented by Amount in Row (11)
6.7%

(14) Type of Reporting Person
CO

CUSIP NO. 765670-10-4

13D

Page 4 of 11 Pages

Item 1. SECURITY AND ISSUER.

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The securities to which this Schedule 13D relates are the shares of common stock (the "Common Stock"), par value \$0.01 per share (the "Shares"), of Varsity Brands, Inc. (the "Issuer") formerly known as Riddell Sports Inc. The Issuer's business address is 6745 Lenox Center Court, Suite 300, Memphis, Tennessee 38115. The shares covered by this Schedule 13D were previously reported in a "group" Schedule 13D originally filed on February 15, 1994, as amended.

Item 2. IDENTITY AND BACKGROUND.

(a), (b), (c) This Statement is being filed by John McConnaughy, Jr. ("McConnaughy") and the following entity controlled by him: JEMC Corp., a Delaware corporation ("JEMC"). McConnaughy and JEMC are hereinafter sometimes collectively referred to as the "Reporting Persons." McConnaughy is a director of the Issuer and his business address is 3 Parklands Drive, Darien, Connecticut 06820. The name, state or other place of organization, principal business, and address of the principal office of JEMC are set forth on Schedule A attached to the Schedule 13D, respectively

(d), (e) None of the Reporting Persons, or any of the persons set forth on Schedule A attached hereto, has, during the last five years, (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

(f) McConnaughy is a citizen of the United States of America.

Item 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

See Item 4.

Item 4. PURPOSE OF TRANSACTION.

The Reporting Persons had been reporting persons in connection with a Schedule 13D first filed on February 15, 1994 and amended on August 16, 1995, May 10, 1996, July 2, 1997, August 25, 1997, April 16, 1998 and December 17, 1998 (the "Former Group Schedule 13D"). The Former Group Schedule 13D currently relates to the following reporting persons: Robert Holdings, Inc., a Michigan corporation, QEN, Inc., a Michigan corporation, Robert E. Nederlander ("Nederlander"), R.E.R. Corp. a Michigan corporation, Lenny Corp., a Delaware corporation, Leonard Toboroff, P.C., Defined Benefit Plan, Leonard Toboroff and Jeffrey Webb.

That certain Stockholders' Agreement, dated August 14, 1995 (as amended, the "Stockholders' Agreement"), among the Issuer, the Reporting Persons, Nederlander and the other stockholders named therein, terminated in accordance with the terms thereof prior to April 21, 2003. Accordingly, the shares of Common Stock owned by the Reporting Persons, who were reported as reporting persons in Amendment No. 6 to the Former Group Schedule 13D, are no longer subject to the voting and other restrictions contained in the Stockholders' Agreement, and the Reporting Persons are no longer a member of a filing group.

Pursuant to the voting agreement that was contained in the Stockholders' Agreement, Nederlander had been deemed to beneficially own the shares of Common Stock beneficially owned by the Reporting Persons.

CUSIP NO. 765670-10-4

13D

Page 5 of 11 Pages

The voting agreement, as reflected in the Voting Trust dated as of May 28, 1991 (the "Voting Trust"), terminated in accordance with its terms concurrently with the termination of the Stockholders' Agreement. As a result of the termination of the Stockholders' Agreement and the Voting Trust, Nederlander is no longer deemed to beneficially own the shares of stock beneficially owned by the Reporting Persons. The Reporting Persons now have sole voting and dispositive power with respect to those shares of Common Stock for which such powers had vested exclusively in Nederlander pursuant to the terms of the Stockholders' Agreement and the Voting Trust.

The Issuer has entered into an Agreement and Plan of Merger, dated as of April 21, 2003 (the "Merger Agreement"), among VBR Holding Corporation ("Parent"), VB Merger Corporation ("Sub") and the Issuer pursuant to which Sub will merge (the "Merger") with and into the Issuer and the Issuer will become a wholly-owned subsidiary of Parent. Pursuant to the Merger Agreement, upon the consummation of the Merger, each outstanding Share shall be canceled and converted into the right to receive \$6.57 in cash. The holders of each outstanding option to purchase Common Stock shall be entitled to receive cash in an amount equal to the difference between \$6.57 and the exercise price of such option.

The consummation of the Merger is conditioned upon, among other things: (a) the approval of the Merger Agreement by the stockholders of the Issuer, (b) the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (c) no governmental entity issuing any law or taking any action which restrains, enjoins or otherwise prohibits the Merger,

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and (d) other customary closing conditions in transactions of this type.

Upon the consummation of the Merger, the Common Stock will no longer be listed on the American Stock Exchange and will become eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon consummation of the Merger, Parent, as the sole stockholder of the Issuer, will have the right to elect all of the directors of the Issuer.

In addition, concurrently with the execution of the Merger Agreement and as a condition of the willingness of Parent to enter into the Merger Agreement, the Reporting Persons entered into a Voting Agreement, dated as of April 21, 2003 (the "Voting Agreement"), with Parent. Pursuant to and subject to the terms and conditions of the Voting Agreement, the Reporting Persons have agreed to, among other things: (a) vote all Shares owned by the Reporting Persons in favor of approval and adoption of the Merger Agreement, (b) vote all such Shares against any Alternative Transaction (as such term is defined in the Voting Agreement), (c) not enter into any other agreement or understanding or grant any proxy or power of attorney with respect to such Shares and revoke any previously granted proxies, (d) not solicit or encourage any Acquisition Proposal (as such term is defined in the Merger Agreement) or Alternative Transaction, (e) not disclose any non-public information related to the Issuer that could reasonably be expected to lead to an Acquisition Proposal or Alternative Transaction, (f) take all action necessary to prevent any creditors from exercising any rights they may have under any pledge of such Shares, (g) not offer, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of any such Shares and any securities convertible into or exercisable or exchangeable for Common Stock during the term of the Voting Agreement, or (h) make a demand for appraisal of his Shares in accordance with Section 262 of the Delaware General Corporate Law.

The Voting Agreement terminates upon the earliest of (a) the consummation of the Merger, (b) the termination of the Merger Agreement in accordance with its terms, or (c) written notice by Parent to Reporting Persons effectuating the termination of such Reporting Persons' Voting Agreement. Upon termination, the Voting Agreement, including the obligation to vote against any Acquisition Proposal, will be void and of no further force or effect.

CUSIP NO. 765670-10-4

13D

Page 6 of 11 Pages

The description of the Merger Agreement and the Voting Agreement herein contained does not purport to be complete and is qualified by reference to the copy of the Merger Agreement and the Voting Agreement attached hereto as exhibits, which are incorporated herein by reference.

Except as otherwise set forth above in this Item 4, the Reporting Persons have no present plans or prospects which relate to or would result in any of the actions described in parts (a) through (j) of Items 4 of Schedule 13D.

Item 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) (b) The Reporting Persons beneficially own 1,061,435 Shares of Common Stock representing approximately 11.0% of the outstanding Common Stock. The percentage of voting stock indicated is based on 9,592,250 Shares of Common Stock outstanding as of May 12, 2003, as disclosed on the Company's Form 10-Q for the quarter ended March 31, 2003 filed with the Securities and Exchange Commission. The Reporting Persons have sole and shared voting and dispositive power with respect to the Shares covered hereby. Included in the Shares beneficially owned by McConaughy are 45,000 Shares of Common Stock issuable upon the exercise of vested options. Not included herein are 7,500 Shares of Common Stock issuable upon the exercise of options, which are scheduled to vest on October 1, 2003.

(c) Except for entering into the Voting Agreement described in item 4 hereof, none of the Reporting Persons has effected any transactions in the Common Stock in the last 60 days.

(d) Not applicable.

(e) Not applicable.

Item 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Other than the matters disclosed in response to Items 4 and 5, which are incorporated herein by reference, the Reporting Persons are not party to any contracts, arrangements, understandings or relationships with respect to any securities of the Issuer, including but not limited to the transfer or voting of any of the securities, finder's fees, joint ventures, loan or option agreements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

CUSIP NO. 765670-10-4

13D

Page 7 of 11 Pages

Item 7. MATERIAL TO BE FILED AS EXHIBITS.

Edgar Filing: VARSITY BRANDS INC - Form SC 13D

The following are hereby filed as additional exhibits to this Schedule 13D:

Exhibit 7.1 Agreement and Plan of Merger, dated as of April 21, 2003, by and among Varsity Brands, Inc., VBR Holding Corporation and VB Merger Corporation. Incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K of Varsity Brands, Inc. filed with the Securities and Exchange Commission on April 22, 2003.

Exhibit 7.2 Voting Agreement, dated as of April 21, 2003 between the Reporting Persons and VBR Holding Corporation.

CUSIP NO. 765670-10-4

13D

Page 8 of 11 Pages

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

Dated: July 15, 2003

/s/ JOHN MCCONNAUGHY, JR.

John McConnaughy, Jr.

CUSIP NO. 765670-10-4

13D

Page 9 of 11 Pages

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

Dated: July 15, 2003

JEMC CORP

By: /s/ JOHN MCCONNAUGHY, JR.

John McConnaughy, Jr.
President

CUSIP NO. 765670-10-4

13D

Page 10 of 11 Pages

Schedule A

DIRECTORS AND EXECUTIVE OFFICERS OF JEMC CORP.

Name and Business Address

Position/Present Principal Occupation or Employment

John McConnaughy, Jr.
3 Parklands Drive
Darien, CT 06820

President and Chief Executive Officer
Principal Occupation Investing
State of Incorporation Delaware

CUSIP NO. 765670-10-4

13D

Page 11 of 11 Pages

EXHIBIT INDEX

Exhibit

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QuickLinks

[SIGNATURE](#)

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[DIRECTORS AND EXECUTIVE OFFICERS OF JEMC CORP.](#)

[EXHIBIT INDEX](#)