

VERINT SYSTEMS INC
Form S-8
July 07, 2010

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As filed with the Securities and Exchange Commission on July 7, 2010

Registration No. 333-_____

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

**FORM S-8
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

VERINT SYSTEMS INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

11-3200514

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

330 South Service Road, Melville, New York

(Address of Principal Executive Offices)

11747

(Zip Code)

**VERINT SYSTEMS INC. STOCK INCENTIVE COMPENSATION PLAN
VERINT SYSTEMS INC. 2004 STOCK INCENTIVE COMPENSATION PLAN
WITNESS SYSTEMS, INC. AMENDED AND RESTATED STOCK INCENTIVE PLAN**
(Full title of the plan)

Peter Fante

Chief Legal Officer

Verint Systems Inc.

330 South Service Road

Melville, New York 11747

(Name and address of agent for service)

(631) 962-9600

(Telephone number, including area code, of agent for service)

With copies to:

Randi C. Lesnick, Esq.

Jones Day

222 East 41st Street

New York, New York 10017

(212) 326-3939

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Securities to be	Amount to be	Proposed Maximum Offering Price Per	Proposed Maximum Aggregate Offering	Amount of Registration Fee
Registered	Registered ⁽¹⁾⁽²⁾	Share ⁽³⁾	Price ⁽³⁾	
Common Stock, \$0.001 par value per share	1,813,134	\$23.15	\$41,974,052.10	\$2,992.75

(1) Pursuant to Rule 416 under the Securities Act of 1933 (the Securities Act), this Registration Statement shall include any additional shares of common stock, par value \$0.001 per share (the Common Stock), that may become issuable as a result of stock splits, stock dividends or similar transactions.

(2) Represents 157,086 shares of Common Stock previously issued pursuant to the Verint Systems Inc. Stock Incentive Compensation Plan, as amended to be registered for resale; 1,250,024 shares of

Common Stock previously issued pursuant to the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended, to be registered for resale; and 406,024 shares of Common Stock previously issued pursuant to the Witness Systems, Inc. Amended and Restated Stock Incentive Plan, as amended, to be registered for resale. The Common Stock has been previously issued to officers, directors or employees.

- (3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act, based on the average of the high and low prices of our Common Stock as reported by the NASDAQ Global Market on July 6, 2010.

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EXPLANATORY NOTE

This Registration Statement contains two parts. The first part contains a resale prospectus prepared in accordance with the requirements of General Instruction C to Form S-8 that covers resales of restricted securities and control securities (in each case, as defined in General Instruction C to Form S-8). This resale prospectus relates to shares of common stock, \$0.001 par value per share, of Verint Systems Inc. (the Company) previously issued to certain officers, directors and employees of the Company pursuant to the Verint Systems Inc. Stock Incentive Compensation Plan, as amended; the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended; and the Witness Systems, Inc. Amended and Restated Stock Incentive Plan. The second part of this Registration Statement contains Information Required in the Registration Statement pursuant to Part II of Form S-8.

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REOFFER PROSPECTUS

**VERINT SYSTEMS INC.
1,813,134 SHARES OF COMMON STOCK**

This prospectus relates to the resale, from time to time, of up to 1,813,134 shares of our common stock, \$0.001 par value per share, by the selling stockholders listed in this prospectus. The selling stockholders acquired such shares pursuant to grants made under (1) the Verint Systems Inc. Stock Incentive Compensation Plan, as amended; (2) the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended; or (3) the Witness Systems, Inc. Amended and Restated Stock Incentive Plan, as amended. The Verint Systems Inc. Stock Incentive Compensation Plan, as amended; the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended; and the Witness Systems, Inc. Amended and Restated Stock Incentive Plan, as amended, are collectively referred to in this prospectus as the Plans.

We will not receive any proceeds from sales of the shares of our common stock covered by this prospectus by any of the selling stockholders. The shares may be offered, from time to time, by any or all of the selling stockholders through ordinary brokerage transactions, in negotiated transactions or in other transactions, at such prices as he, she or they may determine, which may relate to market prices prevailing at the time of sale or be a negotiated price. See Plan of Distribution. We will bear all costs, expenses and fees in connection with the registration of the shares. Brokerage commissions and similar selling expenses, if any, attributable to the offer or sale of the shares will be borne by the selling stockholders.

Each selling stockholder and any broker executing selling orders on behalf of a selling stockholder may be deemed to be an underwriter as defined in the Securities Act of 1933, as amended, or the Securities Act. If any broker-dealers are used to effect sales, any commissions paid to broker-dealers and, if broker-dealers purchase any of the shares of common stock covered by this prospectus as principals, any profits received by such broker-dealers on the resales of shares may be deemed to be underwriting discounts or commissions under the Securities Act. In addition, any profits realized by the selling stockholders may be deemed to be underwriting commissions.

Shares of our common stock are listed on the NASDAQ Global Market under the symbol VRNT. On July 6, 2010, the last reported sale price of our common stock was \$23.80 per share.

Investing in shares of our common stock involves a high degree of risk. See Risk Factors on page 4 of this prospectus and the other risk factors set forth in our periodic and other filings with the Securities and Exchange Commission, or the SEC, including those set forth in our Annual Report on Form 10-K for the year ended January 31, 2010, for a discussion of certain factors that should carefully be considered by prospective purchasers.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated July 7, 2010.

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Exhibit 5.1

Exhibit 23.1

You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorized any other person to provide you with additional information or information different from that contained in or incorporated by reference into this prospectus. The selling stockholders may, from time to time, offer to sell shares of our common stock only in jurisdictions where the offer or sale is permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus or that the information contained in any document incorporated by reference into this prospectus is accurate as of any date other than the date of the document incorporated by reference.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in or incorporated by reference into this prospectus. This summary is not complete and does not contain all of the information that may be important to you and that you should consider before investing in shares of our common stock. You should carefully read the entire prospectus, including the section titled Risk Factors, and the other information incorporated by reference into this prospectus before making an investment decision.

References in this prospectus to the terms Verint, the Company, we, us and our, or other similar terms, mean Verint Systems Inc., together with its consolidated subsidiaries, unless the context indicates otherwise.

VERINT SYSTEMS INC.

We are a global leader in Actionable Intelligence[®] solutions and value-added services. Our solutions enable organizations of all sizes to make timely and effective decisions to improve enterprise performance and make the world a safer place. More than 10,000 organizations in over 150 countries including over 80% of the Fortune 100 use Verint solutions to capture, distill and analyze complex and underused information sources, such as voice, video and unstructured text.

In the enterprise market, our workforce optimization solutions help organizations enhance customer service operations in contact centers, branches and back-office environments to increase customer satisfaction, reduce operating costs, identify revenue opportunities and improve profitability. In the security intelligence market, our video intelligence, public safety and communications intelligence solutions are vital to government and commercial organizations in their efforts to protect people and property and neutralize terrorism and crime.

Headquartered in Melville, New York, we support our customers around the globe directly and with an extensive network of selling and support partners. Our principal executive offices are located at 330 South Service Road, Melville, New York 11747, our telephone number is (631) 962-9600 and our website address is www.verint.com. Information contained on our website is not a part of this prospectus.

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CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements discussed in this prospectus constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, the provisions of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Forward-looking statements include financial projections, statements of plans and objectives for future operations, statements of future economic performance and statements of assumptions relating thereto. Forward-looking statements are often identified by future or conditional words such as will, plans, expects, intends, believes, seeks, estimates or anticipates, by variations of such words or by expressions. There can be no assurances that forward-looking statements will be achieved. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results or performance to differ materially from those expressed or implied by such forward-looking statements. Important risks, uncertainties and other factors that could cause our actual results or performance to differ materially from our forward-looking statements include, among others:

- risks relating to the filing of our SEC reports, including the occurrence of known contingencies or unforeseen events that could delay our filings, management distractions, and significant expense;
- risk associated with the SEC's initiation of an administrative proceeding on March 3, 2010 to suspend or revoke the registration of our common stock under the Exchange Act due to our previous failure to file an annual report on either Form 10-K or Form 10-KSB since April 25, 2005 or quarterly reports on either Form 10-Q or Form 10-QSB since December 12, 2005;
- risk that our credit rating could be downgraded or placed on a credit watch based on, among other things, our financial results, delays in the filing of our periodic reports, or the results of the SEC's administrative proceeding;
- risks associated with being a consolidated, controlled subsidiary of Comverse Technology, Inc., or Comverse, and formerly part of Comverse's consolidated tax group, including risk of any future impact on us resulting from Comverse's special committee investigation and restatement or related effects, and risks related to our dependence on Comverse to provide us with accurate financial information, including with respect to stock-based compensation expense and net operating loss carryforwards, or NOLs, for our financial statements;
- uncertainty regarding the impact of general economic conditions, particularly in information technology spending, on our business;
- risk that our financial results will cause us not to be compliant with the leverage ratio covenant under our credit facility or that any delays in the filing of future SEC reports could cause us not to be compliant with the financial statement delivery covenant under our credit facility;
- risk that customers or partners delay or cancel orders or are unable to honor contractual commitments due to liquidity issues, challenges in their business or otherwise;
- risk that we will experience liquidity or working capital issues and related risk that financing sources will be unavailable to us on reasonable terms or at all;
- uncertainty regarding the future impact on our business of our internal investigation, restatement, extended filing delay, and the SEC's administrative proceeding, including customer, partner, employee, and investor concern, and potential customer and partner transaction deferrals or losses;
- risks relating to the remediation or inability to adequately remediate material weaknesses in our internal controls over financial reporting and relating to the proper application of highly complex accounting rules and pronouncements in order to produce accurate SEC reports on a timely basis;
- risks relating to our implementation and maintenance of adequate systems and internal controls for our current and future operations and reporting needs;

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risk of possible future restatements if the processes used to produce the financial statements contained in our SEC reports are inadequate;

risk associated with current or future regulatory actions or private litigations relating to our internal investigation, restatement or previous delay in timely making required SEC filings;

risk that we will be unable to maintain the listing of our common stock on the NASDAQ Global Market;

risks associated with Comverse controlling our board of directors and a majority of our common stock (and therefore the results of any significant stockholder vote);

risks associated with significant leverage, resulting from our current debt position;

risks due to aggressive competition in all of our markets, including with respect to maintaining margins and sufficient levels of investment in the business and with respect to introducing quality products which achieve market acceptance;

risks created by continued consolidation of competitors or introduction of large competitors in our markets with greater resources than us;

risks associated with significant foreign and international operations, including exposure to fluctuations in exchange rates;

risks associated with complex and changing local and foreign regulatory environments;

risks associated with our ability to recruit and retain qualified personnel in all geographies in which we operate;

challenges in accurately forecasting revenue and expenses;

risks associated with acquisitions and related system integrations;

risks relating to our ability to improve our infrastructure to support growth;

risks that our intellectual property rights may not be adequate to protect our business or that others may make claims on our intellectual property or claim infringement on their intellectual property rights;

risks associated with a significant amount of our business coming from domestic and foreign government customers;

risk that we improperly handle sensitive or confidential information or perception of such mishandling;

risks associated with dependence on a limited number of suppliers for certain components of our products;

risk that we are unable to maintain and enhance relationships with key resellers, partners and systems integrators; and

risk that use of our NOLs or other tax benefits may be restricted or eliminated in the future.

You should carefully review the section entitled "Risk Factors" beginning on page 4 of this prospectus and the other risk factors set forth in our periodic and other filings with the SEC, including those set forth in our Annual Report on Form 10-K for the year ended January 31, 2010, for a discussion of these and other risks that relate to our business and an investment in shares of our common stock. Investors are cautioned not to place undue reliance on forward-looking statements, which reflect our management's view only as of the date of such statements. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made, except as otherwise required under the federal securities laws. If we were in any particular instance to update or correct a forward-looking statement, investors and others should not conclude that we would make additional updates or corrections thereafter except as otherwise required under the federal securities laws.

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RISK FACTORS

Investing in shares of our common stock involves a high degree of risk. You should carefully review the risks described below and the other risk factors set forth in our periodic and other filings with the SEC, including those set forth in our Annual Report on Form 10-K for the year ended January 31, 2010, together with the other information contained in and incorporated by reference into this prospectus, before making an investment decision. Our business, results of operations and financial condition may be materially and adversely affected due to any of these risks. The trading price of our shares could decline due to any of these risks, and you could lose all or part of your investment. Some risk factors in this section are forward-looking statements. See Cautionary Note on Forward-Looking Statements.

Risks Relating To Our Common Stock

We may not pay dividends on our common stock for the foreseeable future.

We intend to retain our earnings to support the development and expansion of our business, to repay debt and for other corporate purposes and, as a result, we do not plan to pay cash dividends on our common stock in the foreseeable future. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, cash needs, growth plans and the terms of any credit facility or other restrictive debt agreements that we may be a party to at the time or senior securities we may have issued. Our current credit facility limits us from paying cash dividends or other payments or distributions with respect to our capital stock. In addition, the terms of any future facility or other restrictive debt credit agreement may contain similar restrictions on our ability to pay any dividends or make any distributions or payments with respect to our capital stock. In addition, holders of our outstanding preferred stock are entitled to cumulative dividends before any dividends may be declared or set aside on our common stock.

Furthermore, our ability to pay dividends to our stockholders is subject to the restrictions set forth under Delaware law. We cannot assure you that we will meet the criteria specified under Delaware law in the future, in which case we may not be able to pay dividends on our common stock even if we were to choose to do so.

The price of our common stock fluctuates significantly, and this may make it difficult for you to resell the common stock when you want to or at prices you find attractive.

There has been significant volatility in the market price and trading volume of equity securities, including our common stock, some of which is unrelated to the financial performance of the companies issuing the securities. The price for the shares of common stock being sold under this prospectus may not be indicative of prices that will prevail in the open market following your purchase of such shares. You may not be able to resell your shares at or above the price you paid due to fluctuations in the market price of our common stock caused by changes in our operating performance or prospects and other factors.

Some specific factors that may have a significant effect on our common stock market price include:

- actual or anticipated quarterly fluctuations in our operating and financial results;
- developments related to investigations, proceedings or litigation that involve us;
- changes in financial estimates and recommendations by financial analysts;
- dispositions, acquisitions, and financings;
- actions of our current stockholders, including sales of our common stock by existing stockholders and our directors and executive officers;
- success of competitive service offerings or technologies;
- fluctuations in the stock price and operating results of our competitors;
- investors' general perception of us;

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regulatory developments; and
developments related to the industries in which we compete.

Because our common stock has only been re-listed on the NASDAQ Global Market since July 6, 2010, we cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the NASDAQ Global Market or otherwise or how liquid that market might become. Unless there is an active trading market for our common stock, you may have difficulty selling any of our common stock that you purchase. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid.

If we or our stockholders sell substantial amounts of our common stock following the sale of the shares of common stock being sold under this prospectus, the market price of our common stock may decline.

We are not restricted from issuing additional shares of common stock, including shares issuable pursuant to securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Sales of shares of our common stock in the public market following the sale of the shares of common stock being sold under this prospectus, or the perception that these sales may occur, could cause the market price of our common stock to decline. We had 33,042,345 shares of common stock outstanding as of June 30, 2010. In addition, at June 30, 2010, 8,916,086 shares of our common stock (including 1,269,894 of the shares included in this prospectus which were acquired by the selling stockholders on July 2, 2010 and July 6, 2010) were issuable pursuant to outstanding stock options and awards which had not yet vested or which had been previously acquired upon vesting but had not yet been delivered. Moreover, if it were convertible at June 30, 2010, our outstanding preferred stock could be converted into 10,072,966 shares of our common stock. Additional shares of common stock underlying options and restricted stock units available to be granted in the future will become available for sale in the public market.

In addition, under two registration rights agreements that we entered into with Comverse, Comverse has registration rights, with respect to its common stock and preferred stock, and future offerings of our common stock could result in sales of significant amounts of our common stock.

Anti-takeover provisions in Delaware corporate law may make it difficult for our stockholders to replace or remove our current board of directors and could deter or delay third-parties from acquiring us, which may adversely affect the marketability and market price of our common stock.

We are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law. Under these provisions, if anyone becomes an interested stockholder, we may not enter into a business combination with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203, interested stockholder means, generally, someone owning more than 15% or more of our outstanding voting stock or an affiliate of ours that owned 15% or more of our outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203.

Under any change of control, the lenders under our credit facilities would have the right to require us to repay all of our outstanding obligations under the facility. Upon the occurrence of a Fundamental Change, as defined by the Certificate of Designation setting forth the terms of the preferred stock, and which includes a change of control, the holders of our preferred stock have the right to require us to repurchase their shares of preferred stock at the then current liquidation preference (subject to certain exceptions set forth in the Certificate of Designation).

Holders of our preferred stock have liquidation and other rights that are senior to the rights of the holders of our common stock.

Our board of directors has the authority to designate and issue preferred stock that may have dividend, liquidation and other rights that are senior to those of our common stock. As of date of this prospectus, 293,000 shares of our preferred stock have been issued and are outstanding. Holders of our preferred stock are entitled to cumulative dividends before any dividends may be declared or set aside on our common stock. Upon our voluntary or involuntary liquidation, dissolution or winding up, before any payment is made to holders of our common stock, holders of our preferred stock are entitled to receive an initial liquidation preference of \$1,000 per share, plus any accrued and unpaid dividends. This will reduce the remaining amount of our assets, if any, available to distribute to holders of our common stock.

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USE OF PROCEEDS

We will not receive any proceeds from sales of the shares of our common stock covered by this prospectus by any of the selling stockholders. The proceeds from the sale of the common stock covered by this prospectus are solely for the accounts of the selling stockholders.

We will bear all costs, expenses and fees in connection with the registration of the shares. Brokerage commissions and similar selling expenses, if any, attributable to the offer or sale of the shares will be borne by the selling stockholders.

Table of Contents**SELLING STOCKHOLDERS**

This prospectus relates to shares of our common stock previously issued pursuant to the Plans to certain of our officers, directors and employees that are being registered for resale. All of the shares of common stock that may be resold pursuant to this prospectus were previously acquired by the selling stockholders upon the satisfaction of applicable vesting conditions relating to certain equity awards (i.e., the re-listing of our common stock on the NASDAQ Global Market and/or the passage of time).

The selling stockholders may resell any or all of such shares of common stock at any time they choose while this prospectus is effective. The inclusion in this prospectus of the officers, directors and employees named below who have acquired shares of our common stock under the Plans shall not be deemed to be an admission that any such individual is an affiliate of ours. There is no assurance that any of the selling stockholders will sell any or all of the shares of common stock covered by this prospectus.

Shares of Common Stock Offered for Resale by Officers and Directors

The following table sets forth the following information to the extent known to the Company as of July 6, 2010 with respect to the shares of common stock previously issued under the Plans held by each selling stockholder who is an officer or director of the Company:

- the name of such selling stockholder and the principal position or positions with the Company held by such selling stockholder within the past three years;
- the number and percentage of shares of our common stock such selling stockholder beneficially owned as of July 6, 2010;
- the number of shares of our common stock to be offered for resale by such selling stockholder in this offering; and
- the number and percentage of shares of our common stock to be beneficially owned by such selling stockholder after completion of this offering.

As used in following table, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act and means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any equity security. A person is deemed to be the beneficial owner of securities that he has the right to acquire within 60 days of July 6, 2010 through the exercise of any option, warrant or right.

The address of each selling stockholder listed in the following table is c/o Verint Systems Inc., 330 South Service Road, Melville, New York 11747.

Name	Position	Shares of Common Stock Beneficially Owned as of		Shares of Common Stock to be Sold	Shares of Common Stock Beneficially Owned After the Offering	
		July 6, 2010 (1)	(2) Percentage (4)		Number	(3) Percentage (4)
Dan Bodner	President, Chief Executive Officer, Corporate Officer, and Director	592,383	1.7%	227,074	365,309(5)	1.0%
Victor A. DeMarines	Director	34,000	*	17,000	17,000(6)	*
Peter Fante	Chief Legal Officer, Chief Compliance Officer, Secretary, and Corporate Officer	128,029	*	76,794	51,235(7)	*
	Director	35,000	*	17,000	18,000(8)	*

Kenneth A. Minihan						
Elan Moriah	President, Verint Witness Actionable Solutions and Verint Video Intelligence Solutions and Corporate Officer	199,992	*	92,186	107,806(9)	*
Larry F. Myers	Director	23,000	*	17,000	6,000(10)	*

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Name	Position	Shares of Common Stock Beneficially Owned as of July 6, 2010 (1) (2)		Shares of Common Stock to be Sold	Shares of Common Stock Beneficially Owned After the Offering (1)(3)	
		Number	Percentage (4)		Number	Percentage (4)
David Parcell	Managing Director, Europe, the Middle East, and Africa, and Corporate Officer	111,701	*	63,561	48,140(11)	*
Douglas E. Robinson	Chief Financial Officer and Corporate Officer	105,605	*	100,005	5,600(12)	*
Howard Safir	Director	40,000	*	17,000	23,000(13)	*
Meir Sperling	President, Verint Communications Intelligence and Investigative Solutions and Corporate Officer	221,922	*	102,030	119,892(14)	*

* Less than 1%.

(1) Unless otherwise indicated, includes shares beneficially owned by a spouse, minor children and relatives sharing the same home, as well as entities owned or controlled by the named person.

(2) The amounts appearing in this column reflect the "Shares of Common Stock to be Sold" plus the "Shares of Common Stock

Beneficially
Owned After
the Offering.”

- (3) Assumes the selling stockholders sell all of the shares of our common stock covered by this prospectus.
- (4) Applicable percentage of ownership is based on 33,042,345 shares of our common stock issued and outstanding as of June 30, 2010 plus an additional 1,505,326 of the shares of our common stock that may be offered pursuant to this prospectus that were acquired by the selling stockholders on July 2, 2010 and July 6, 2010 or shares which have been previously acquired upon vesting but have not yet been delivered, for a total of 34,547,671 shares. Because our preferred stock is not currently convertible, the

10,072,966
shares of
common stock
that would be
issuable upon
conversion of
shares of our
outstanding
preferred stock
(if converted on
June 30, 2010)
are not included
in this number.
Additionally,
shares of our
common stock
subject to
options,
warrants, or
rights which are
currently
exercisable or
exercisable
within 60 days
are deemed
outstanding for
computing the
ownership
percentage of
the person
holding such
options,
warrants, or
rights, but are
not deemed
outstanding for
computing the
ownership
percentage of
any other
person.

- (5) Includes options
to purchase
261,835 shares
of common
stock which are
currently
exercisable.
Includes
103,474 shares

of restricted stock which are fully vested.

- (6) Consists of options to purchase 17,000 shares of common stock that are currently exercisable.
- (7) Includes options to purchase 45,000 shares of common stock which are currently exercisable. Includes 6,235 shares of restricted stock which are fully vested.
- (8) Consists of options to purchase 18,000 shares of common stock that are currently exercisable.
- (9) Includes options to purchase 91,088 shares of common stock which are currently exercisable. Includes 16,718 shares of restricted stock which are fully vested.
- (10) Consists of options to purchase 6,000

shares of
common stock
that are
currently
exercisable.

- (11) Includes options to purchase 41,196 shares of common stock which are currently exercisable. Includes 6,944 shares of restricted stock which are fully vested.
- (12) Includes 5,600 restricted stock unit awards that will vest within 60 days of July 6, 2010.
- (13) Consists of options to purchase 23,000 shares of common stock that are currently exercisable.
- (14) Includes options to purchase 99,892 shares of common stock which are currently exercisable. Includes 20,000 shares of restricted stock which are fully vested.

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Shares of Common Stock Offered for Resale by Non-Officer Employees

The following is a list of all non-officer employees, regardless of number of shares held, who previously acquired shares of our common stock in connection with the relisting of our common stock on the NASDAQ Global Market on July 6, 2010, pursuant to awards previously granted under the Plans. These non-officer employees may sell up to an aggregate of 1,083,484 shares of common stock, representing 3.1% of our issued and outstanding shares of common stock. This percentage of ownership is based on 33,042,345 shares of our common stock issued and outstanding as of June 30, 2010 plus an additional 1,505,326 of the shares of our common stock that may be offered pursuant to this prospectus that were acquired by the selling stockholders on July 2, 2010 and July 6, 2010 or shares which have been previously acquired upon vesting but have not yet been delivered, for a total of 34,547,671 shares.

Emil Abramovich
Ran Achituv
Gil Adda
Mohit Aggrwal
Lynn Akers
Shay Akiva
Oscar A. Alban
Caroline Albert
Yuval Altman
Yaniv Amir
Yair Amsterdam
James Anderson
Zafrir Argov
Yoav Ariav
Eli Arman
Barbara Arndt
Sunil Aryan
Kar Ashutosh
Richard Philip Avenell
Amir Avrahami
Eyal Bachar
John William Bailey
Dror Bareket
Gustavo Baril
Robert John Barnes
Todd Barrick
Bryan Beach
Pedro Becquer
Gali Begas
Yanai Beilis
Natalie Bell
Stephen Bell
Merav Ben Rehav
Zwicka Ben Zion
Avishay Ben Zvi
Tami Ben-Jacob
Zalman Ben-Meir
Evyatar Ben-Shitrit
Asaf Ben-Zeev
David J. Bertolino

Shimon Bezalel
Michael Birdsong
Amit Bishoni
Dennis Blanco
Amy Blank
Scott Bluman
Cletus F. Bordeaux
Katherine Bost
Jean Boudreau
John R. Bourne
Craig Douglas Braisby
Richard Branchaud
Oren Bregman
Arie Briness
Josef Bronstein
Neri Brutzkus
Yossi Bulwik
Lawrence T. Butsch
William K. Byleveld
Marc Calahan
Joseph Carley
Brian Carman
Saar Carmi
Dorit Carmon
Ido Carmon
Kenneth Carney
William Stuart Caton III
Yossi Chai
Andrew Ming Keung Chan
Eva Charissakis
Woon Ming Charles Cheng
Chong Va Cheong
Sophie Chetboun
Sharon Chouli
Anthony Cintado
Itzik Cohen
Nir Cohen
Tzachi Cohen
Yaniv Cohen
Donna Colby
Gail Cole
David C. Copeland
Sue Cordaro
John Crosby
Owen Crossweller
Patrick Dagenais
Ernest D. Ambrose
Koby Danon
Shlomo Davidesco
Ran Davidovitz
Andrew Davies

Ajay Dawar
Frank Deans
Liberato Degruttola
Jose DeJesus
Kaushik Deka
Snehal Desai
Aude Desbrieres
Daniel Di Cicco
Michael DiBiase
Debra DiGianno
Marc Dittmer
Nancy DiVito
Thomas Dong
Boaz Dudovich
Gary Andrew Duke
John Christopher Duncan
Richard DuPree Jr.
William Durr
William L. Eckard III
Natalie Eckel
Charles Ehlers
Itzik Eidelman
Robert Eilbacher
Moshe Ekroni
Itai Elata
Amos Eliav
Miki Epstein
Ron Epstein
Benzi Falik
Jim Jianrong Fan
Richard Fietz
Boaz Fischer
Henrich Fischler
Karen Flynn
Stephen Foley
Paul Fournier
Michael Fox
Inbar Fridman
Michael Gagnon
Mike Gale
Ronen Galitzki
Zack Galon
Siddartha Gandhi
David Ganon
Joel Garnatz
Simon Gauthier
Smadar Gazit
Zoe Gee
Shimi Gil
Asaf Gilai
Darren Gill

Yossi Glass
Igor Goldberg
Royee Goldberg
Shay Gonen
Nicolas Gonthier
Kevin Graham Gower
Michael Graci
Ian Graham
Juliet P. Gram
Dov Granot
Moshe Granot
Marc Graveline
Richard Green
Galit Greenbaum
Kondal Gundla
Rajan Gupta
James Hagen
Eran Halfon
Eyal Halfon
Olaf Hansen
Andy Harper
Marcia J. Harris
Amy Conroy Hassinger
Andrew Robert Hawkes
Nati Hayun
Inon Hefetz
Kurt Allen Heier
Wallace Henderson
Nigel Christopher Hewett
Lior Hipsh
Tim Neil Holland
Ryan W. Hollenbeck
Andrew John Holmes
Itzik Horovitz
Gabriel Horowitz
Michael Howanitz
Jacqueline C. Hudson
Gary W. Humphrey
Susan Huston
Ofer Iankovitch
Rick V. Israel

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Philip Ives	Thomas Lyerly	Colin Maurice Pope
Hugo Jacques	Fiona Bridget Lynch	Ken Porter
Guy Jacobovski	Tarun Mahajan	Sean Quigley
Ron Jenik	Genady Malinsky	Avi Rabinovich
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Steve Kaden	Hugo Martel	Serena Rayner
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Hitpreet Kang	Sheryl Mattison	Alexander Reizis
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Ronen Katav	John McCourt	Lance Richardson
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Ziv Katzir	Nick Alexander McLean	Carl David Robson
Dana Katznelson	Maureen E. McMahon	Matthew Robson
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Ron Keidar	Nikola Meldrum	Daniel Rock
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Shimon Keren	Kevin Moore	Nita Rodriguez
Lior Kessel	Gilad Mor	Bryan Melvyn Rose
Giles King	James Moretti	Brigitte Routhier
Yaron Klein	Michel Morneau	Shaul Rudnitsky
Yaniv Knany	Erez Nadav	Kurt Rush
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Jonathan Kohl	Paul Najdzin	Greg Ruzicka
Willie Kouncar	Joseph Neer	William Ryan
Greg Krebs	Nir Nehmad	Tom Sabga
Kevin Kurimsky	Yossi Nelkenbaum	Bernard Sarel
Adam Wan Fung Kwok	Christopher Nelson	William D. Schneider
Wai Chung Lam	Orna Neuman	Ann Marie Schumann
Charles Gregory Lampe	Kasey Newman	Craig Seebach
Ronen Lampert	Kimball Newman	Noam Seelenfreund
Arik Landau	James Nies	Ado Segal
Robert Lander	Roi Nobel	Ian Sephton
Jim Langley Sr.	Roy Nugent	Irit Shaaya-Segal
Athena Larsen	Efi Nuri	Manishkumar Rameschandra Shah
Erik Laurence	Robert Nyberg	Guy Shahmoon
Marco Leclerc	Jane O. Donnell	Naama Shalom
Chi Kin Lee	Johnathan Oelsner	Elad Sharon
Tibor Leibovitch	Yuval Ohana	Omer Shavit
Ilan Leizgold	Christopher Orr	Terry Sheehan
Brian Leslie	Yoni Oshero	Karim Shehadeh
Eli Lessel	William Pardue	Eran Shehori
Willy Chun Bong Leung	Rob Parkinson	Ariel Shemesh
Yan Lev	Dhiren Patel	Nick Shepherd
Eli Levi	Anne M Patton	Jim Sherring
Shai Levi	Norvel Patton	Gregory Sherry

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I. Craig Levin
Golan Levy
Shaked Levy
Amanda Lewis
Vincent Licciardi
Leslie Linsner
Shlomit Littig
Haim Litvak
Nataly Loewid

Paul Patton
Shefi Paz
Noam Pelles
Jose Fortuna Penaredondo
Nir Pery
Shlomo Pesach
Niv Peskin
Krishna Pisipati
Marcel Poirier

Tal Shtaub
Shlomit Shteyer
Wee Kiat Sim
Ziv Simhon
David Singer
Eli Sinianski
Man Ho Sit
Damian Smith
Robyn Smith

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Yehuda Sorek	Gary S. Trudo	Wayne Willis
Barry Spielman	Shiu Hang Kenneth Tsang	Jon Wilson
Rodrigo Spinelli	Stephanie Turner	Rob Wint
Daniel Spohrer	Yossi Twizer	Christopher Wood
Kevin J. Steel	Shiri Tzuk	David Worthley
Oren Stern	Thomas D. Ulreich	Duane Sherrington Wright
Andre St-Jean	Yitzhak Vager	Gur Yaari
David Stone	Joseph P. Vidunas	Gadi Yair
Kevin Strange	Daniel Vitlis	Doron Yankovitch
Bradley Stratton	Brad Von Tersch	Trent Yarbrough
Edgar E. Suarez	Joanne Voorhees	Danny Yaron
Dana Sugarman	John Voyatzis	Aliaksei Yermakov
David Suttle	Helen Vuletin	Yossi Yitshaki
Ram Swery	Eran Wachman	Koby Yosef
Edward Syphers	Mohammed Waseem	Dganit Zahavi
Nimrod Tabenkin	Joseph Watson	Christopher L. Zaske
Shimi Tal	Lori Weight	Ruthi Zimmerman
Guy Tamir	Dikla Weininger	Amir Zipori
Erez Taoz	Daniel Weiss	Dror Daniel Ziv
Cheryle Tapp	Miki Weiss	Yoel Zmuckas
Ryan Tate	Zvi Weiss	Yoram Zohar
Nitzan Tau	Peter Weller	Eytan Zucker
Matthew Paul Tengwall	Steve Weller	Alexander Zur
Simon Thewes	Daniel Wensel	Dror Zur
Guy Toibin	Wynne Wilder	Ido Zur
Nancy Y. Treaster	Timothy Wilkie	
Vladimir Trostyanetski	Jamie Williams	

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The selling stockholders have not advised us of any specific plan for the sale or distribution of the shares of common stock covered by this prospectus. If and when they occur, such sales may be made in any of the following manners:

- On the NASDAQ Global Market (or through the facilities of any national securities exchange or U.S. inter-dealer quotation system of a registered national securities association on which shares of our common stock are then listed, admitted to unlisted trading privileges or included for quotation);
- in public or privately negotiated transactions;
- in transactions involving principals or brokers;
- in a combination of such methods of sale; or
- any other lawful methods.

Although sales of the shares a five year option to purchase 618,000 shares of our common stock at a price equal to the closing bid price of our common stock on August 29, 2003 which was \$2.95. All shares are held directly. No options, warrants or other stock rights have been issued to the officers other than as disclosed above. ITEM 12 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS On October 7, 2002, we issued 51,361 shares of common stock in the name of Delaware Charter Guarantee and Trust, FBO Greg Mardock, our CEO and a director at that time, in exchange for a promissory note of \$64,588 principal amount and interest of \$5,861. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On October 8, 2002, we issued to 21,250 and 8,750 shares to Edward R. Fearon, and Escamilla Capital Corporation respectively, both related parties. Fearon and Hector Escamilla were each an officer and director of both Primavera Corp. and Escamilla Capital Corporation. In addition, Fearon was CEO of our former subsidiary NTSB. These shares were issued in exchange for notes issued by Primavera Corporation to BECO M-A, L.P. and BECO Joint Venture No. 1 amounting to \$60,000 and accrued interest of \$16,595 total consideration of \$76,595. Fearon and Escamillia were also officers and directors of BECO M-A, L.P. and BECO Joint Venture No. 1. When we acquired Primavera Corp. we also acquired its liability to BECO M-A, L.P. and BECO Joint Venture No. 1. Mr. Fearon and Escamilla Capital Corporation agreed to accept shares to settle the debt instead of cash. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On October 31, 2002, Western Cottonwood Corporation, a related entity, agreed to convert \$2,000,000 in debt owed by us to 200 shares of our Series A Preferred Stock. Subsequent to December 31, 2002 the shares were not issued and the agreement was mutually voided. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On November 5, 2002, we issued Western Cottonwood Corp 75,000 shares of common stock in exchange for \$75,000 in Promissory Notes. Subsequent to December 31, 2002 the note was amended to be in exchange for \$300,000 in Promissory Notes. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On April 7, 2003, we issued 800,000 shares of common stock to Dutchess Private Equities Fund as inducement for debentures amounting to \$80,000. The shares were valued at \$120,000. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On April 8th, 2003, we entered into an agreement to rescind the acquisition of W3M, Inc., dba Paradigm Cabling Systems, from its inception. The agreement was made available in our 10-KSB filed on April 15, 2003. In order to acquire 80% of the outstanding common stock of Paradigm, we entered into an acquisition agreement dated October 31, 2002. Pursuant to the terms of the acquisition, 80% of the outstanding capital stock of Paradigm was transferred to us. In exchange, we agreed to issue shares of a new Series A Convertible Preferred Stock to the exchanging shareholders of Paradigm as follows: Name No. Of Shares of Series A Convertible Preferred ----- Michael Cummings 71.25 shares Ashford Capital 71.25 shares Total 142.50 shares This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. We subsequently agreed with Paradigm to void the Transaction ab initio (that is, at its inception), with the effect that Paradigm is the owner of its Assets and Liabilities and the shares of our Preferred Stock issued to Paradigm are restored to the status of authorized but unissued shares. We exchanged mutual general releases with Paradigm in order to restore the parties to their respective positions immediately prior to the execution and delivery of the purchase agreement. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On April 9, 2003, we entered into a Restructuring & Release Agreement with Greg Mardock, John Freeland, Western Cottonwood Corporation, Atlantis

Partners and VLK Capital Corp. Pursuant to this Agreement, Greg Mardock resigned as our director and employee and Michael A. Novielli, Douglas H. Leighton and Theodore J. Smith, Jr. were appointed as directors. Listed below are additional obligations of parties to the Agreement: - Western Cottonwood Corporation agreed to forgive \$1,984,849.99 in Notes receivable and interest receivable as of December 31, 2002. - Greg Mardock resigned as our officer and employee. - Messrs. Mardock and Freeland immediately released any and all claims to collateral, security or title of any of our assets. - Western Cottonwood and Atlantis Partners will maintain a combined ownership percentage of 4.9%. The percentage ownership of 4.9% shall be non-dilutive through our first merger or acquisition transaction with a going concern. - Greg Mardock will maintain an ownership percentage of 2.0%. His ownership percentage of 2.0% shall be non-dilutive through our first merger or acquisition transaction with a going concern. - We issued 690,000 shares of common stock as a part of restructuring agreement at a value of \$1,727,908. All stock issued to the parties to this Agreement was restricted and had no registration rights. The parties also agreed to additional rules governing resale of the shares. The shares may not be sold either in the public market nor in a private transaction for a period of one year, the parties may not sell more than one twelfth of their entire ownership stake in any one month for a period covering the thirteenth month through the twenty fourth month. Additionally, for a period of time the stock is not transferable and may not be loaned. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On April 1, 2003 we entered into a Consulting Agreement with Dutchess Advisors LLC, where Dutchess would provide the following services: - Assist us with our capitalization and restructuring; and - Assist us with our business development by seeking potential business partners, candidates for joint ventures, mergers and acquisitions or qualified persons to join our board of directors. This transaction as no less favorable than if we had entered into it on an arms length basis with an unrelated third party. We agreed to pay Dutchess Advisors, LLC 700,000 shares of common stock for these Services. These shares were valued at \$105,000. Additionally, we agreed to pay \$3,000 per month for non accountable expenses for months 1-12 and \$5,000 per month for months 13-24. The term of the Consulting Agreement is 24 months. In June 2003, we amended the Agreement to pay Dutchess Advisors \$5,000 per month beginning June 2003. This transaction as no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On April 10, 2003, we issued convertible debenture of \$40,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On May 5, 2003, we issued convertible debenture of \$15,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On May 16, 2003, we entered into a Stock Purchase Agreement with Michael Cummings, the owner of 100% of the outstanding shares of common stock of Network Installation, Inc., or Network. Pursuant to this Agreement, we acquired all outstanding shares of common stock of Network. The purchase price consisted of \$50,000 and 7,382,000 shares of our common stock. In addition, we agreed to issue a five year option to purchase an additional 618,000 shares of our common stock to Mr. Cummings if Network's total revenue exceeds \$450,000 for the period beginning on June 1, 2003 and ending August 31, 2003. Network's total revenues exceeded \$450,000 for the period beginning June 1, 2003 and ending August 31, 2003. The options are exercisable at a price equal to the closing bid price of our common stock on August 29, 2003 which was \$2.95. As of January 15, 2004, Mr. Cummings has not exercised the options. At the time of the acquisition there were no material relationships between us and Mr. Cummings. As a result of the acquisition, Mr. Cummings replaced Mr. Novielli as Chief Executive Officer and became our director. Mr. Novielli remained as Chairman of the Board of Directors. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On May 26, 2003, we issued convertible debenture of \$25,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On June 16, 2003, we issued convertible debenture of \$25,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser

of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On July 22, 2003, we issued convertible debenture of \$15,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On July 28, 2003, we issued convertible debenture of \$95,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On August 13, 2003, we issued convertible debenture of \$20,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On September 10, 2003, we issued convertible debenture of \$28,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. On September 18, 2003, we entered into a Promissory Note with Dutchess Private Equities Fund, LP. The note carries no interest rate and was due on October 17, 2003. As of January 27, 2004, we had paid the entire amount due. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On October 5, 2003, we issued convertible debenture of \$75,000 to Dutchess Private Equities Fund, LP. The debentures convert into common stock at the lesser of (i) 75% of the lowest closing bid price during the fifteen trading days prior to the Conversion Date or (ii) 100% of the average of the closing bid prices for the twenty trading days immediately preceding the Closing Date of the Transaction. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On December 17, 2003, we entered into a Promissory Note with Dutchess Private Equities Fund, LP. The note carries no interest rate and was due on December 17, 2005. This transaction is no less favorable than if we had entered into it on an arms length basis with an unrelated third party. On the respective dates above, for each issuance of a convertible debenture, we issued 100,000 shares of common stock for each \$10,000 invested, for a total of 1,550,000 shares to Dutchess Private Equities Fund, LP in 2003 as incentive per the debenture agreement.

ITEM 13 EXHIBITS AND REPORTS ON FORM 8-K EXHIBIT LIST NUMBER DESCRIPTION

3.1 Articles of Incorporation filed as Exhibit 3.1 to the Company's Registration Statement on Form 10SB filed on March 5th, 1999 and incorporated herein by reference.

3.2 Certificate of Amendment to Article of Incorporation filed as Exhibit 3.3 to the Company's Form 10-KSB on April 15, 2003.

3.3 By-laws filed as Exhibit 3.2 to the Company's Registration Statement on Form 10SB filed on March 5th, 1999 and incorporated herein by reference.

3.4 Certificate of Amendment to the Certificate of Incorporation of Flexxtech Corporation filed as Exhibit 4.1 to the Company's Form 10-QSB dated November 13, 2003 and incorporated herein by reference.

4.1 Warrant #101 issued to C.C.R.I. Corp. on September 29, 2003.

4.2 Warrant #102 issued to C.C.R.I. Corp. on September 29, 2003.

10.1 Consulting Agreement between the Company and Dutchess Advisors, LLC dated April 1, 2003 filed as Exhibit 10.3 to the Company's Form 8-K on April 23, 2003 and incorporated herein by reference.

10.2 Reseller Agreement between Vivato, Inc. and the Company dated August 14, 2002 filed as Exhibit 10.1 to the Company's Form 10-QSB dated November 13, 2003 and incorporated herein by reference.

10.3 Motorola Reseller Agreement between Motorola, Inc. and the Company dated August 18, 2003 filed as Exhibit 10.2 to the Company's Form 10-QSB dated November 13, 2003 and incorporated herein by reference.

10.4 Short Term Rental Agreement between Vidcon Solutions Group, Inc. and the Company dated February 5, 2003 filed as Exhibit 10.3 to the Company's Form 10-QSB dated November 13, 2003 and incorporated herein by reference.

10.5 Restructuring and Release Agreement Dutchess Advisors LLC, Dutchess Capital Management LLC, Michael Novielli, Western Cottonwood Corporation, Atlantis Partners, Inc., John Freeland, Greg Mardock, VLK Capital Corp. and the Company dated April 9, 2003 filed as Exhibit 10.2 to the Company's Form 8-K on April 23, 2003 and incorporated herein by

reference. 10.6 Stock Purchase Agreement between Michael Cummings and the Company dated May 16, 2003 filed as Exhibit 2.1 to the Company's Form 8-K filed on June 13, 2003 and incorporated herein by reference. 10.7 Investment Agreement between the Company and Preston Capital Partner, LLC dated January 21, 2004 filed as Exhibit 10.7 to the Company's Form SB-2 on January 21, 2004 and incorporated herein by reference. 10.8 Registration Rights Agreement between the Company and Preston Capital Partners, LLC dated January 21, 2004 filed as Exhibit 10.8 to the Company's Form SB-2 on January 21, 2004 and incorporated herein by reference. 10.9 Placement Agent Agreement between the Company and Park Capital Securities, LLC dated January 21, 2004 filed as Exhibit 10.9 to the Company's Form SB-2 on January 21, 2004 and incorporated herein by reference. 10.10 Agreement between the Company and Aruba Wireless Networks, Inc. dated January 29, 2004 filed as Exhibit 10.10 to the Company's Form SB-2/A on February 9, 2004 and incorporated herein by reference. 14.1 Code of Ethics 21.1 List of Subsidiaries 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2 Certification of the Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1 Certification of Officers pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. REPORTS ON FORM 8-K We filed a report on Form 8-K on December 8, 2003. ITEM 14 PRINCIPAL ACCOUNTING, FEES AND SERVICES AUDIT FEES Kabani & Company, Inc. were our auditors for the fiscal years ended December 31, 2002 and 2003. AUDIT FEES For their audit of our annual financial statements and for their review of our Quarterly Reports on Form 10-Q, Kabani & Company, Inc. billed us a total of \$20,000 for the fiscal year ended December 31, 2002 and \$54,500 for the fiscal year ended December 31, 2003. TAX FEES For their review of tax matters, Kabani & Company, Inc. billed us a total of \$0 in 2002 and \$0 in 2003. ALL OTHER FEES Kabani & Company, Inc. billed us \$5,000 related to a registration statement on Form SB-2. The Board of Directors Pre-approval Policy and Procedures We do not have a separate Audit Committee. Our full Board of Directors performs the functions of an Audit Committee. During fiscal year 2003, the Board of Directors adopted policies and procedures for the pre-approval of audit and non-audit services for the purpose of maintaining the independence of our independent auditors. We may not engage our independent auditors to render any audit or non-audit service unless either the service is approved in advance by the Board of Directors or the engagement to render the service is entered into pursuant to the Board of Director's pre-approval policies and procedures. On an annual basis, the Board of Directors may pre-approve services that are expected to be provided to us by the independent auditors during the following 12 months. At the time such pre-approval is granted, the Board of Directors must (1) identify the particular pre-approved services in a sufficient level of detail so that management will not be called upon to make judgment as to whether a proposed service fits within the pre-approved services and (2) establish a monetary limit with respect to each particular pre-approved service, which limit may not be exceeded without obtaining further pre-approval under the policy. The Board has considered whether the provision of the services described above under the caption "All Other Fees" is compatible with maintaining Kabani & Company, Inc.'s independence. SIGNATURES Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stanton, State of California on the 9th day of April 2004. Network Installation Corporation /s/ Michael Cummings By: Michael Cummings Director and Chief Executive Officer 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 Company Signature Name Title Date /s/ Michael Cummings Michael Cummings Director and Chief April 09, 2004 Executive Officer /s/ Michael A. Novielli Michael A. Novielli Chairman of April 09, 2004 the Board of Directors /s/ Douglas Leighton Douglas Leighton Director April 09, 2004 /s/ Theodore Smith Theodore Smith Director April 09, 2004