

SYNERGX SYSTEMS INC
Form 10KSB/A
January 28, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-KSB/A

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

For the fiscal year ended September 30, 2007
Commission file number: 1-17580

SYNERGX SYSTEMS INC.
(Name of small business issuer in its charter)
Delaware 11-2941299
(State or other jurisdiction of incorporation (I.R.S. Employer Identification No.)
or organization)

209 Lafayette Drive, Syosset, New York 11791
(Address of principal executive offices) (Zip code)

Issuer's telephone number: (516) 433-4700

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:
Title of Class: Common Stock

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

Check mark whether the Registrant is a shell company:
Yes No

Issuer's revenues for its most recent fiscal year: \$18,289,000
Exhibit Index is on page 9 hereof.

The aggregate market value of the common equity held by non-affiliates of the Registrant (assuming solely for purposes hereof that all directors and officers of the Registrant are "affiliates") as of January 18, 2008: \$3,144,101

As of January 18, 2008, the Registrant had approximately 5,210,950 shares of Common Stock outstanding.

Documents incorporated by reference: NONE

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

The Directors and Executive Officers of the Company and their respective ages and positions with the Company, as of September 30, 2007, along with certain biographical information (based solely on information supplied by them), are as follows:

NAME	AGE	OFFICE	DATE SERVICE COMMENCED
Daniel S. Tamkin	48	Chairman, Chief Executive Officer, General Counsel, Director	October 1990
John A. Poserina	67	Treasurer, Vice President, Chief Financial Officer, Secretary and Director	January 1997
J. Ian Dalrymple	56	Director and Audit Committee	May 2002
Mark I. Litwin	45	Director	May 2002
Harris Epstein	70	Director and Audit Committee	July 2005
Albert Koenig	47	President Casey Systems Inc.	October 2005
Peter Barotz	78	Director	March 2007
Ronald Fetzer	44	Director and Audit Committee	September 2007

Daniel S. Tamkin

Mr. Tamkin has a J.D. degree from New York University School of Law and an A.B. degree from Columbia University. Mr. Tamkin has been Chief Executive Officer since March 15, 1996, prior to which Mr. Tamkin was Vice President and General Counsel of the Company from October 1990. Also since October 1990, Mr. Tamkin has been Executive Vice President of Forum Financial Corporation, a Toronto based merchant banking organization. Since November 1998, Mr. Tamkin has been a Director, President and Chief Operating Officer of The Cambridge Towel Corporation, a manufacturer of textile products. Mr. Tamkin is presently Counsel to Dolgenos Newman & Cronin LLP, counsel to the Company. Mr. Tamkin devotes a portion of his time working on behalf of these other entities.

John A. Poserina

Mr. Poserina joined the Company as Treasurer, Vice President, Chief Financial Officer and Director as of January 1, 1997. From December 1995 until he joined the Company, Mr. Poserina was an independent financial consultant. Also,

from July 1996 to September 1996, Mr. Poserina was Chief Financial Officer of Happiness Express Inc. Mr. Poserina was Chief Financial Officer of Dorne and Margolin Inc. from November 1994 to December 1995. Prior to that, Mr. Poserina spent 15 years as Vice President, Treasurer and Chief Financial Officer of Chryon Corporation, which was a NYSE listed company registered under the Securities Exchange Act of 1934 (the "Exchange Act"). Mr. Poserina holds a Bachelor of Science degree in accounting from the University of Rhode Island and is a Certified Public Accountant.

J. Ian Dalrymple

Mr. Dalrymple has a Bachelor of Commerce degree and a Masters of Arts in Economics from the University of Toronto. Since 1990, Mr. Dalrymple has been a director of Nigel Stephens Counsel Inc., an Ontario corporation, which provides investment and portfolio management services; NSC Holdings Inc., an Ontario corporation which provides investment research and client administrative services; and Fordal Holdings Inc., an Ontario corporation which provides trading, settlement and related services to portfolio management firms. Mr. Dalrymple is also a director of Cornerstone 52 Foundation, a charitable foundation with focus on children's charities. In addition, Mr. Dalrymple has been, since 1993, a director of Nafund Inc., an Ontario investment corporation and, since 1996, a director of Nafund Administrators Inc., an Ontario corporation originating merchant banking investments and advisory services.

Mark I. Litwin

Mr. Litwin has a Bachelor of Arts and a Masters in Business Administration from York University in Toronto, Canada. Since 1990, Mr. Litwin has been the President, Chief Executive Officer and a director of Genterra Inc. an Ontario corporation which is registered under the Exchange Act.

Harris Epstein

Mr. Epstein is the founder and President of the Lender Relationship Group which provides consulting services to the lending community in the areas of due diligence, loan origination, manual preparation and general consulting. Mr. Epstein has 45 years experience in banking and asset lending.

Albert Koenig

Mr. Koenig's career has included being an engineer for a consulting firm, project manager for an electrical contractor, Regional Life Safety Systems Manager for ADT and General Manager of Casey Systems Inc. to his current position as President of Casey Systems Inc. Mr. Koenig holds a NICET Level 4 certificate in fire alarm, NYS Security Installation license and attended Manhattan College School of Electrical Engineering. He is experienced in the Design, Installation and Service of a wide variety of systems for the private and public sector including CCTV, Access Control, Security, Public Address, Motor Control, Energy Management, HVAC, Lighting Control, Networking, CATV, Intercom, Fire Alarm and Fire Suppression. During his 25 year career, he has worked with or consulted for organizations including NYCT, Metro North, DEP, DOT, DOB, NYPA, FDNY, NYC Mayor's Committee, and numerous Fortune 500 companies.

Peter Barotz

Mr. Barotz has been the President of Panda Capital Corporation, a private financial services company, for the past 27 years. He has been a director of General Bearing Corp. since December 30, 1997.

Ronald P. Fetzer

Mr. Fetzer is VP of NexCen Brands, Inc., an intellectual property management and franchising company, and is responsible for financial and SEC reporting. From November, 1999 to July, 2007 Mr. Fetzer was Chief Financial Officer at Bill Blass, Ltd. , a fashion manufacturing and licensing firm. Prior to his employment at Bill Blass, Mr. Fetzer was senior manager at the accounting firm of UHY, LLP (previously known as Urbach Kahn & Werlin) from 1996 to 1999. Mr. Fetzer received an MBA in International Finance from Baruch College in 1991 and a BA in Accounting from Queens College in 1985.

There are no family relationships between any Director or Executive Officer of Synergx and any other Director or Executive Officer of Synergx.

Directors hold office for a period of one year from the Annual Meeting of Stockholders at which they are elected or until their successors are duly elected and qualified. Officers are appointed by the Board of Directors and hold office at the will of the Board. There is no nominating, or compensation committee of the Board of Directors nor is there any committee performing similar functions.

Section 16(a) Beneficial Ownership Reporting Compliance.

Section 16(a) of the Securities Exchange Act ("SEC") of 1934 requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than ten-percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based on its review of the copies of such forms received by it, the Company believes that, during Fiscal 2007 all filing requirements applicable to its officers, directors and greater than ten-percent shareholders were met with the exception of a late filing of a Form 3 by Ronald Fetzer, a director of the Company.

Code of Business Conduct and Ethics

On January 24, 2005, the Company adopted a Code of Business Conduct and Ethics that applies to our directors, officers and employees in the performance of their responsibilities with respect to the Company's business. The Company's Code of Business Conduct and Ethics is available on the Company's website at www.synergxsystems.com under the Corporate Governance section, and is available in print to any shareholder upon written request to the Secretary of the Company.

AUDIT COMMITTEE

The board of directors has a standing audit committee, with a written charter, which currently consists of Messrs. J. Ian Dalrymple, Ronald P. Fetzer, and Harris Epstein. The board of directors has determined that Mr. Fetzer and Mr. Epstein each qualifies as a financial expert and that each of Messrs. Dalrymple, Fetzer and Epstein is an "independent director," as such term is defined by Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards.

Item 10. Executive Compensation

The following table sets forth certain information with respect to compensation paid or accrued by the Company for services rendered to it for each of the three fiscal years ended September 30, 2007, as to Daniel S. Tamkin, the Company's present Chief Executive Officer; John A. Poserina, the Company's Chief Financial Officer and Secretary; Albert Koenig, the President of Casey Systems Inc.; Joseph Vitale, the Company's former President and Chief Operating Officer; and Joe Durham, the President of General Sound (Texas) Company; none of the Company's other Executive Officers had aggregate remuneration in excess of \$100,000.

SUMMARY COMPENSATION TABLE

NAME/YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION	
	Salary (\$)	Bonus(\$)	Other(\$)	Option/SAR	All Other Compensation
Daniel S. Tamkin			(1)		
2007	\$192,000	-	\$16,000		
2006	183,000	-	15,000		
2005	130,000	-	2,000		
John A. Poserina			(2)		
2007	195,000	-	11,000		
2006	184,000	-	24,000		
2005	172,000	14,000	17,000		
Albert Koenig			(3)		
2007	197,000	-	13,000		
2006	186,000	-	27,000		
2005	136,000	16,000	28,000		
Joseph Vitale					
2007	-	-	-		
2006	-	-	-		
2005	163,000	-	9,000		
Joe A. Durham					
2007	-	-	-		
2006	91,000	-	-		
2005	146,000	15,000	1,000		

(1) Includes the following:

	2007	2006	2005
Auto	\$12,000	\$12,000	\$ -
Medical	4,000	3,000	2,000

(2) Includes the following:

	2007	2006	2005
Auto	\$ 7,000	\$ 7,000	\$ 7,000
Medical	4,000	3,000	2,000
Vacation		14,000	8,000

	2007	2006	2005

(3) Includes the following:

Auto	\$12,000	\$10,000	\$ 9,000
Medical	1,000`	1,000	1,000
Vacation		16,000	
			18,000

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The following table details, as of September 30, 2007, the number and value of option exercises and value of unexercised in-the-money options held by Daniel S. Tamkin, John A. Poserina, and Albert Koenig.

	Number of Shares Acquired On Exercise	Value Realized	Number of Securities Underlying Unexercised Options		Value of Unexercised In-The-Money Options(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Daniel S. Tamkin	-	\$ -	8,000	12,000	\$ -	\$ -
John A. Poserina	-	\$ -	8,000	12,000	\$ -	\$ -
Albert Koenig	-	\$ -	8,000	12,000	\$ -	\$ -

(1) Net value, calculated as the difference between the exercise price and the market price reported for January 18, 2008 (\$1.16-bid, \$1.22-ask). Net value was below the exercise price of \$2.50 per share.

In March 2004, the Company and its stockholders adopted a nonqualified stock option plan ("2004 Plan"), which will expire March 10, 2009, except as to options outstanding under a prior 1997 Plan. Under the 2004 Plan, the Board of Directors may grant options to eligible employees at exercise prices not less than 100% of the fair market value of the common shares at the time the options are granted. The number of shares of Common Stock that may be issued shall not exceed an aggregate of up to 10% of the Company's issued and outstanding shares from time to time. Options vest at a rate of 20% per year commencing one year after date of grant. Issuances under the 2004 Plan are to be reduced by options outstanding under the prior 1997 nonqualified stock option plan.

In February 2005, the Board of Directors approved a grant of 130,000 stock options with a fair market value of \$157,094 to certain employees, officers and directors of the Company under the 2004 Plan. The stock options are exercisable at \$2.50 per share, which exercise price was above the market price at the time of grant.

On January 22, 2007, 10,000 stock options were granted at an exercise price of \$1.70 per share to be vested ratably over five years.

The Company currently has issued and outstanding options to purchase 110,000 shares of its Common Stock, at an exercise price of between \$1.70 and \$2.50 per share, to certain of its officers, Directors and employees. See "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

In December 1995, the board of directors voted to institute a 401(k) plan for nonunion employees to be effective January 1, 1996. The plan includes a profit sharing provision at the discretion of the board of directors. There was no profit sharing contribution in 2007 or in 2006 .

Employment Agreements. Messrs. Tamkin, Poserina and Koenig are covered by Employment Agreements (each, an "Employment Agreement").

Mr. Tamkin's Employment Agreement, executed October 1, 2005 provides that if (i) Mr. Tamkin is terminated without "Cause" (as such term is defined in the Employment Agreement) by the Company or (ii) Mr. Tamkin terminates his employment as a result of a breach by the Company of its obligations under such Agreements, or (iii) there is a

"Change of Control" of the Company (as such term is defined in his Employment Agreement) he will be entitled to receive a payment, in a lump sum, of an amount equal to twice the sum of (a) his annual base salary (\$192,000) and (b) most recent bonus (if any). In addition, pursuant to his Employment Agreement, Mr. Tamkin will be entitled to continue to receive the employee benefits and automobile allowance contained in his Employment Agreement for a period of two years.

Mr. Poserina's Employment Agreement, executed January 1, 1997 provides that if Mr. Poserina is terminated without "Cause" (as such term is defined in the Employment Agreement) by the Company he will be entitled to receive, for up to six months (the "severance period"), his annual base salary reduced by the compensation he may receive from any new employment. If there is a sale of all or substantially all of the Company's assets or equity, then the severance period shall be 12 months without regard to any other compensation he might receive from new employment.

Mr. Koenig's Employment Agreement, modified February 1, 2007 provides that if Mr. Koenig is terminated without "Cause" (as such term is defined in the Employment Agreement) by the Company he will be entitled to receive, for up to 24 months (the "severance period"), his annual base salary reduced by the compensation he may receive from any new employment. If there is a sale of all or substantially all of the Company's assets or equity, then the severance period shall be 24 months payable in a lump sum without regard to any other compensation he might receive from new employment. In addition, pursuant to his Employment Agreement, Mr. Koenig will be entitled to continue to receive the employee benefits and automobile allowance contained in his Employment Agreement for a period of two years.

Director Compensation. During Fiscal 2007 the Company compensated its non-management directors with a \$10,000 annual retainer. No options were granted to directors during Fiscal 2007.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information known to the Company regarding beneficial ownership of the Company's outstanding Common Stock at January 26, 2007 of (i) each beneficial owner of more than five percent of the Common Stock, (ii) each of the Company's Directors, and (iii) all Officers and Directors of the Company as a group.

Common Stock Beneficially Owned At January 23, 2008

Name and Address of Beneficial Owner	Number of Shares	Percent of Shares
Firecom, Inc.(1)	1,352,544	25.97%
Heartland Advisors Inc. (2)	465,600	8.94%
Daniel S. Tamkin (3)	265,968	5.08%
Albert S. Koenig (4, 5)	39,302	nil
John A. Poserina (4, 5)	52,334	nil
Mark I. Litwin (6)	5,000	nil
J. Ian Dalrymple (7)	5,000	nil
Harris Epstein (8)	5,000	nil
All Executive Officers and Directors as a Group (5) persons	372,604	7.05%

(1) Address is 3927 59th Street, Woodside, NY. On January 25, 2007, Firecom Inc. purchased, in a private transaction, 889,540 shares previously reported as owned by Genterra Inc. Mr. Paul Mendez is the Chairman of the Board of Directors and controlling shareholder of Firecom, and for purposes of Rule 13d-3 may be deemed the beneficial owner of such Shares deemed to be beneficially owned by Firecom. Thus, Mr. Mendez may be deemed, for purposes of Rule 13d-3, to be the beneficial owner of 1,352,544 Shares of the Issuer. Mr. Mendez has shared voting power over 1,352,544 Shares of the Issuer and he has shared dispositive power over 1,352,544 Shares. Mr. Mendez disclaims any economic interest or beneficial ownership of these Shares.

(2) Address is 789 N Water Street, Suite 500, Milwaukee, WI 53202

(3) Includes 20,000 shares of Common Stock issuable upon exercise of options granted by the Company. Address is 271 Madison Avenue, New York, NY 10016.

(4) Address is 209 Lafayette Drive, Syosset, NY 11791.

(5) Includes 20,000 shares of Common Stock issuable upon exercise of options granted by the Company.

(6) Address is 106 Avenue Road, Toronto, Ontario.

(7) Address is 3650 Victoria Park Avenue, Suite 200, Ontario.

(8) Address is 375 Sylvan Avenue, Suite 39, Englewood Cliffs, NJ

Securities authorized for issuance under equity compensation plans.**Equity Compensation Plan Information****As of September 30, 2007**

Number of securities to be issued upon exercise	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available
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Plan category	of outstanding options, warrants and rights		for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved security holders	116,000	\$2.43	405,095
Equity compensation plans not approved by security holders			
Total	116,000		405,095

Item 12. Certain Relationships and Related Transactions

None

Item 13. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit
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31.1	Certification of Daniel S. Tamkin pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
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31.2	Certification of John A. Poserina pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
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32.1	Certification of Daniel S. Tamkin and John A. Poserina pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
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* filed herewith

Item 14. Principal Accountant Fees and Services

During Fiscal 2007 and Fiscal 2006, the Company retained its principal auditor, Marcum & Kliegman, LLP to provide services in the following categories and amounts:

	2007	2006
Audit Related Fees	\$ 92,000	\$ 82,000
Tax Fees	\$ 25,000	\$ 16,000
All Other Fees	\$ 11,005	\$ 13,000

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this amended Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNERGX SYSTEMS INC.
(Registrant)

By: /s/ JOHN A. POSERINA

John A. Poserina,
Chief Financial Officer, Secretary
And Director(Principal Accounting and Financial Officer)

Dated: January 28, 2008