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FIRETECTOR INC
Form 10KSB/A
January 28, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20459

FORM 10-KSB/A-1 Annual or Transitional Report

AMENDMENT NO. 1

(Mark One)

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

For the fiscal year ended September 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission File Number 0-17580

SYNERGX SYSTEMS INC.

(Exact name of Small Business Issuer in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-2941299
(I.R.S. Employer
Identification No.)

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

Issuer's telephone number, including area code: (516) 433-4700

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value per share
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES X NO

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

State issuer's revenues for its most recent fiscal year: \$16,943,000

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the average bid and ask prices for the Registrant's Common Stock, \$.001 par value per share, as of December 16, 2002 was \$1,079,784.

As of December 14, 2002, the Registrant had 1,874,425 shares of Common Stock outstanding.

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Documents Incorporated by Reference: None

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 are as follows:

| NAME | AGE | OFFICE | DATE SERVICE COMMENCED |
|---------------------|-----|---|------------------------|
| Daniel S. Tamkin | 43 | Chairman, Chief Executive Officer, General Counsel, Director, and Audit Committee | October 1990 |
| Joseph Vitale | 56 | President, Chief Operating Officer and Director | May 1994 |
| John A. Poserina | 62 | Treasurer, Vice President, Chief Financial Officer, Secretary and Director | January 1997 |
| Dennis P. McConnell | 49 | Director and Audit Committee | January 1997 |
| Henry Schnurbach | 51 | Director and Audit Committee | October 1988 |
| J. Ian Dalrymple | 51 | Director | May 2002 |
| Mark I. Litwin | 40 | Director | May 2002 |

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 a Vice President of Mirtronics and Executive Vice President of Forum Financial Corporation, a Toronto based merchant banking organization controlled by a Director of Mirtronics. Since November 1992, Mr. Tamkin has been a director of Unicap Commercial Corporation, an Ontario corporation which is registered under the Securities Exchange Act of 1934 (the "Exchange Act"). Since November 1998, Mr. Tamkin has been a Director and Chief Operating Officer of Ntex Incorporated, a manufacturer of textile products. Mr. Tamkin is presently Counsel to Dolgenos Newman & Cronin LLP, counsel to the Company.

Mr. Vitale has been President of the Company since March 15, 1996. Mr. Vitale has been active in the fire/communications industry with Casey Systems Inc. since 1982. Mr. Vitale has been President of Casey since 1993 and has held the positions of Director of Engineering, Vice President - Engineering and Executive Vice President. Mr. Vitale holds a Bachelor of Science degree in

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Engineering from C.W. Post College and a Master of Science degree in Electrical Engineering from New York University.

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, a NYSE listed company registered under 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.

Mr. McConnell is a partner in the firm of Dolgenos Newman & Cronin LLP, counsel to the Company. Prior to being associated with Dolgenos Newman & Cronin LLP, he was associated with Varet & Fink P.C. from 1989 to March 1993. Mr. McConnell holds a J.D. degree from New York Law School.

Mr. Schnurbach has a Bachelor of Commerce degree from Sir George Williams University and is a Certified Management Accountant in Ontario. Since October 1991, Mr. Schnurbach has been Chief Executive Officer of Cantar/Polyair Corporation ("CPC"). Since February 1996, Mr. Schnurbach has also served as President of Polyair Inter Pack Inc., an Ontario corporation traded on the Toronto Stock Exchange, and the holding company of CPC.

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.

Mr. Litwin has a B.A. and an M.B.A. from York University in Toronto, Canada. Since 1990, Mr. Litwin has been the President, Chief Executive Officer and a director of Mirtronics Inc. an Ontario corporation which is registered under the Exchange Act. Mirtronics is the largest stockholder of Synergx.

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.

The Registrant is not aware of any Section 16(a) filing deficiencies. In

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making these statements, the Company has relied on the written representations of its directors and officers and copies of the reports that they and 10% holders have filed with the Commission.

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, 2002, as to Daniel S. Tamkin, the Company's present Chief Executive Officer, Joseph Vitale, the Company's President and Chief Operating Officer, and John A. Poserina, the Company's Chief Financial Officer and Secretary; none of the Company's other Executive Officers had aggregate remuneration in excess of \$100,000.

SUMMARY COMPENSATION TABLE

| Year | ANNUAL COMPENSATION | | | LONG TERM COMPENSATION | |
|------------------|---------------------|------------|------------|------------------------|------------------------|
| | Salary (\$) | Bonus (\$) | Other (\$) | Option/SAR | All Other Compensation |
| ----- | | | | | |
| Daniel S. Tamkin | | | | | |
| 2002 | \$97,000 | \$10,000 | \$5,600 | | -- |
| 2001 | 87,000 | 20,000 | 5,600 | (1) | -- |
| 2000 | 74,000 | 20,000 | 5,600 | | -- |
| Joseph Vitale | | | | | |
| 2002 | \$140,000 | \$20,000 | \$6,000 | | -- |
| 2001 | 130,000 | 30,000 | 6,000 | (2) | -- |
| 2000 | 113,000 | 30,000 | 6,000 | | -- |
| John A. Poserina | | | | | |
| 2002 | \$151,000 | \$20,000 | \$5,600 | | -- |
| 2001 | 141,000 | 30,000 | 5,600 | | -- |
| 2000 | 124,000 | 30,000 | 5,600 | | -- |
| ----- | | | | | |

(1) Options to purchase 4,167 shares of Common Stock, at a price of \$1.03 per share were issued to Mr. Tamkin in December, 2000.

(2) Options to purchase 7,959 shares of Common Stock, at a price of \$1.03 per share were issued to Mr. Vitale in December, 2000.

The following table details, as of September 30, 2002, the value of unexercised in-the-money options held by Daniel S. Tamkin, Joseph Vitale and John A. Poserina:

| Number of Securities | | Value of Unexercised | |
|--------------------------------|---------------|--------------------------|---------------|
| Underlying Unexercised Options | | In-The-Money Options (1) | |
| Exercisable | Unexercisable | Exercisable | Unexercisable |
| ----- | ----- | ----- | ----- |

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| | | | | |
|-------------------|--------|-------|--------|--------|
| Daniels S. Tamkin | 8,833 | 2,000 | \$ 792 | \$ 250 |
| Joseph Vitale | 14,367 | 2,758 | 3,001 | 417 |
| John A. Poserina | 7,667 | 2,000 | 1,542 | 250 |

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(1) Net value, calculated as the difference between the exercise price and the market price reported for September 30, 2002.

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. No profit sharing contributions were authorized in 2002. In 2001 the Board of Directors approved a payment totaling \$44,000 for participants of the non-union and union 401(k) plans.

Directors do not receive any compensation for their service. Out-of-pocket expenses for travel, meals and miscellaneous expenses incurred in the course of the Director's activities on behalf of the Company are reimbursed at cost.

On April 30, 1997, the Company and its shareholders adopted a nonqualified stock option plan ("1997 Plan"), which expires September 30, 2002, except as to options then outstanding under the 1997 Plan. Under the 1997 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 option is granted. The number of shares of Common Stock that may be issued shall not exceed an aggregate of up to 10% of its 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 1997 Plan are to be reduced by options outstanding under a 1990 nonqualified stock option plan (replaced by the 1997 Plan). Effective September 30, 1998, all outstanding employee stock options were reset to an exercise price of \$1.00 per share.

On September 30, 2002, options on 24,083 of Common Stock were extended to December 31, 2005 and the option exercise price remained \$1.00 per share.

On December 29, 2000, options on 43,375 shares of Common Stock were extended for five more years and the option price was reset from \$1.00 to \$1.03 per share.

The Company currently has issued and outstanding options to purchase 101,791 shares of its Common Stock, at various exercise prices ranging between \$1.00 and \$1.125 per share, to certain of its officers, Directors and employees. See "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

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 December 10, 2002 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 7, 2002

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| | Number of Shares | Percent of Shares |
|--|------------------|-------------------|
| | ----- | ----- |
| Mirtronics Inc. (1) | 896,311 | 41.0% |
| Investors Money Management (10) | 340,000 | 16.6% |
| Genterra Capital Corporation | 152,167 | 6.8% |
| Daniel S. Tamkin (2) | 127,733 | 6.0% |
| Joseph Vitale (3, 4) | 17,125 | nil |
| Henry Schnurbach (4) | 5,167 | nil |
| John A. Poserina (3, 5) | 17,667 | nil |
| Dennis P. McConnell (4, 6) | 4,167 | nil |
| Mark Litwin (8) | 1,048,478 | 48.0% |
| J. Ian Dalrymple (9) | 0 | nil |
| All Executive Officers and Directors as a Group (5 Persons) | 1,219,837 | 54.7% |
| - ----- | | |

(1) Includes 310,000 shares of Common Stock issuable upon conversion of debt owed to Mirtronics and convertible into shares of Common Stock. See "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS". Address is 106 Avenue Road, Toronto, Ontario.

(2) Includes 10,833 shares of Common Stock issuable upon exercise of options granted by the Company. Address is 96 Spring Street, New York, NY.

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

(4) Issuable upon exercise of options granted by the Company.

(5) Includes 9,667 shares of Common Stock issuable upon exercise of options granted by the Company.

(6) Address is 96 Spring Street, New York, NY.

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

(8) By virtue of his position as an officer and/or director of such entities, Mr. Litwin may be considered the beneficial owner of shares owned by Mirtronics Inc. and Genterra Capital Corporation. Mr. Litwin expressly disclaims such beneficial ownership. Address is 106 Avenue Road, Toronto, Ontario.

(9) Address is 1200 Sheppard Avenue East, Willowdale, Ontario.

(10) Includes 170,000 shares of Common Stock issuable upon exercise of warrants.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 1985, Casey entered into a royalty agreement with Joseph Vitale, prior to his becoming the President and Chief Operating Officer of the Company. The agreement pays Mr. Vitale a royalty on certain systems marketed and serviced by Casey. In fiscal year ended September 30, 2002, Casey paid \$75,852 pursuant to the terms of the agreement.

Management believes each of the foregoing transactions was entered into on terms at least as favorable as could be obtained from unrelated parties negotiating at arms-length.

Daniel S. Tamkin, Chairman, Chief Executive Officer and General Counsel of

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Synergx, is also an officer of a company controlled by a Director of Mirtronics, Synergx's largest stockholder. Mr. Schnurbach, a Director of the Company, is a Director of Mirtronics.

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.

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, 2003

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

I, Daniel S. Tamkin, Chief Executive Officer, and John A. Poserina, Chief Financial Officer of Synergx Systems certify that:

1. We have reviewed this amended annual report on Form 10-KSB/A of Synergx Systems Inc.;

2. Based on our knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

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

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

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

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b) Evaluated the effectiveness of the registrants disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

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

5. The registrants other certifying officers and I have disclosed, based on our most recent evaluation, to the registrants auditors and the audit committee of registrants board of directors (or persons performing the equivalent functions);

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

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

6. The registrants other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 28, 2003

/s/ Daniel S. Tamkin

Daniel S. Tamkin
Chief Executive Officer

/s/ John A. Poserina

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

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

In connection with the amended annual report of Synergx Systems Inc. (the "Company") on Form 10-KSB/A for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Amended Report"), I, Daniel S. Tamkin, Chief Executive Officer of the Company, and I, John A. Poserina, Chief Financial Officer of the Company certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

/s/ Daniel S. Tamkin

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Daniel S. Tamkin
Chief Executive Officer
Synergx Systems Inc.

January 28, 2003

/s/ John A. Poserina

John A. Poserina
Chief Financial Officer
Synergx Systems Inc.

January 28, 2003