

SCHNEIDER WEINBERGER LLP

MEMORANDUM

To: CLIENTS

FROM: SCHNEIDER WEINBERGER LLP

DATE: JUNE 2, 2004

RE: NEW SEC FORM 8-K CURRENT REPORT

The SEC has adopted rules which establish a new Form 8-K Current Report, which will go into effect on August 23, 2004. The key aspects of the rule are:

- The Form 8-K will now be due four business days after the occurrence of an event, which accelerates the 5-day and 15-day time period now in effect.
- The rule amendment adds eight new items to the Form 8-K and transfers two items from the Form 10-K and Form 10-Q periodic reports. (We are using 10-Q and 10-K interchangeably with 10-QSB and 10-KSB.)

In view of the acceleration of the timing to report and the more extensive reporting obligations, it is imperative that our issuer clients have a point person responsible for coordinating the Form 8-K with us. Normally, that point person would be an individual with the financial group or staff, but even with our smaller issuers, it is important that one person be assigned the responsibility to coordinate the reporting of a Form 8-K item.

The following is the restructured format of Form 8-K, which includes explanations as to which items are new reportable items as well as any other relevant editorial comments.

Section 1. Registrant's Business and Operations.

Item 1.01. Entry into a Material Definitive Agreement. [This is a new reportable item and requires disclosure of material and definitive agreements that are not made in the ordinary course of business. Previously, this may have been included under Item 5 as Other Material Events.]

Item 1.02. Termination of a Material Definitive Agreement. [This is also a new reportable item.]

Item 1.03. Bankruptcy or Receivership. [This was previously Item 3 of old Form 8-K.]

Section 2. Financial Information.

Item 2.01. Completion of Acquisition or Disposition of Assets. [This was formerly Item 2 of old Form 8-K.]

Item 2.02. Results of Operation and Financial Condition. [This was previously Item 12 of old Form 8-K.]

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off Balance Sheet Arrangement of a Registrant. [This is a new reportable item and includes disclosure of a material long-term obligation, capital lease obligation, operating lease obligation and short-term debt obligation that arises other than in the ordinary course of business.]

Item 2.04. Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement. [This is a new reportable item.]

Item 2.05. Costs Associated with Exit or Disposal Activities. [This is a new reportable item and requires disclosure when an issuer or other authorized member of management commits an issuer to an exit or a disposal plan relating to the disposition of assets.]

Item 2.06. Material Impairments. [This is a new reportable item and includes a material charge for impairment to one or more of an issuer's assets, including impairment of the carrying value of securities or goodwill.]

Section 3. Securities and Trading Markets.

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing. [This is a new reportable item.]

Item 3.02. Unregistered Sales of Equity Securities. [This is a new reportable item and was previously reported in Forms 10-Q and 10-K. A Form 8-K is not required for sales that represent less than 1% of an issuer's outstanding class of securities or less than 5% for an SB filer. In any event, an issuer must still disclose on Form 10-Q and Form 10-K any sales of unregistered equity securities that do not exceed the numeric threshold of the new Form 8-K.]

Item 3.03. Material Modifications to Rights of Security Holders. [This is a new reportable item that was previously reported in Forms 10-Q and 10-K.]

Section 4. Matters Related to Accountants and Financial Statements.

Item 4.01 Changes in Registrant's Certifying Accountant. [This was formerly reported under Item 4 of old Form 8-K.]

Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review. [This is a new reportable item and covers disclosure of any of the issuer's previously issued financial statements for an annual or interim period that may no longer be relied upon. It also covers situations where an issuer receives notice from its independent accountant that disclosures should be made to prevent future reliance on a previously issued audit report or interim review.]

Section 5. Corporate Governance and Management.

Item 5.01. Changes in Control of Registrant. [This was formerly reported under Item 1 of old Form 8-K.]

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers. [This is a new reportable item. Under the old Form 8-K, disclosure was only required if a departing director had a disagreement with management and requested inclusion of a statement in the report. Now, disclosure is required on a more pervasive basis for departing officers and directors, as well as for newly elected or appointed officers and directors.]

Item 5.03. Amendments to Articles of Incorporation or By-Laws; Changes in Fiscal Year. [This is a new reportable item as it pertains to articles and by-laws, while changes in fiscal year were formerly reported under Item 8 of old Form 8-K.]

Item 5.04. Temporary Suspension of Trading Under Registrant's Employee Benefit Plans. [This was formerly reported under Item 11 of old Form 8-K.]

Item 5.05. Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics. [This was formerly reported under Item 10 of old Form 8-K.]

Section 6. [This has been reserved for future use.]

Section 7. Regulation FD.

Item 7.01. Regulation FD Disclosure. [This was formerly reported under Item 5 of old Form 8-K.]

Section 8. Other Events.

Item 8.01. Other Events. [This was formerly reported under Item 5 of old Form 8-K.]

Section. Financial Statements and Exhibits.

Item 9.01. Financial Statements and Exhibits. [This was formerly reported under Item 7 of old Form 8-K.]

As was said at the time of the Pearl Harbor attack in December 1941, this is no drill; this is the real thing. This will obviously be a greater burden on our smaller cap issuers, which tend to have smaller staffs to handle certain of these administrative matters. Perhaps at a later time, there may be some relief to small cap type of issuers, but at the present time, smaller companies will not get a break, and full compliance will be required. Please let us know if you have any questions regarding these new reporting obligations.

JMS:sjm