

Edgar Filing: UNIVERSAL SECURITY INSTRUMENTS INC - Form 10-K/A

UNIVERSAL SECURITY INSTRUMENTS INC

Form 10-K/A

July 22, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K/A

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2004 or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission file number: 0-7885

UNIVERSAL SECURITY INSTRUMENTS, INC.  
(Exact name of registrant as specified in its charter)

MARYLAND

52-0898545

-----  
(State or other jurisdiction  
of incorporation or organization)

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

7-A Gwynns Mill Court Owings Mills, Maryland

21117

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code

(410) 363-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of Class

Name of Each Exchange on Which Registered

-----  
Common Stock, \$0.01 par value

-----  
American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

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 (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 ☐

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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 registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 18, 2004 was \$18,938,509.

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The number of shares of common stock outstanding as of June 18, 2004 was 1,576,895.

### DOCUMENTS INCORPORATED BY REFERENCE

To the extent specified, Part III of this Form 10-K incorporates information by reference to the Registrant's definitive proxy statement for its 2004 Annual Meeting of Shareholders (to be filed).

The Registrant hereby amends its Annual Report on Form 10-K for the fiscal year ended March 31, 2004, which was filed with the Commission on July 14, 2004, to include Exhibit 14.

### PART IV

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#### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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(a) 3. Exhibits required to be filed by Item 601 of Regulation S-K.

Exhibit No.

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14	Code of Ethics*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer*
32.1	Section 1350 Certifications*

\*Filed herewith

### SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment to be signed on its behalf by the undersigned, thereto duly authorized.

Date: July 22, 2003

UNIVERSAL SECURITY INSTRUMENTS, INC.

By: /s/ Harvey B. Grossblatt

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Harvey B. Grossblatt, President

EXHIBIT 14

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UNIVERSAL SECURITY INSTRUMENTS, INC.  
CODE OF BUSINESS CONDUCT AND ETHICS

The Board of directors of UNIVERSAL SECURITY INSTRUMENTS, INC. (with its

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subsidiaries, the "Company") has adopted this Code of Business Conduct and Ethics ("Code") to:

- o Promote honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest;
- o Promote full, fair, accurate, timely and understandable disclosure;
- o Promote compliance with applicable laws and governmental rules and regulations;
- o Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information; and
- o Deter wrongdoing.

All directors, officers and employees of the Company are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. This Code is meant to address the general ethical requirements of business conducted by the Company, but is not all-inclusive. Particular areas of conduct, such as harassment, confidential employee complaints, and other conduct which affects the workplace are addressed separately in other Company policies included in the Company's Employee Manual.

For purposes of this Code, the "Code of Ethics Contact Person" is the President and Chief Operating Officer.

From time to time, the Company may waive some provisions of this Code. Any waiver of the Code for executive officers or directors of the Company may be made only by the Board of Directors and must be promptly disclosed as required by SEC or American Stock Exchange rules. Any waiver for other employees may be made only by the President and Chief Operating Officer.

### I. HONEST AND CANDID CONDUCT

Each director, officer and employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

Each director, officer and employee must:

- o Act with integrity, including being honest and candid while still maintaining the confidentiality of information where required or consistent with the Company's policies.
- o Observe both the form and spirit of laws and governmental rules and regulations, accounting standards and Company policies.
- o Adhere to a high standard of business ethics.

### II. CONFLICTS OF INTEREST

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. For example, a conflict of interest would arise if a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.

Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Code of Ethics Contact Person.

Service to the Company should never be subordinated to personal gain and advantage. Conflicts of interest should, wherever possible be avoided.

In particular, clear conflict of interest situations involving directors, executive officers and other employees who occupy supervisory positions or who have discretionary authority in dealing with any third party specified below may include the following:

- o Any significant ownership interest in any supplier or customer;
- o Any consulting or employment relationship with any customer, supplier or competitor;
- o Any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- o The receipt of non-nominal gifts or excessive entertainment from any company with which the Company has current or prospective business dealings;
- o Being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member; and
- o Selling anything to the Company or buying anything from the Company, except on the same terms and conditions as comparable directors, officers or employees are permitted to so purchase or sell.

Such situations, if material, must always be approved in advance by the Code of Ethics Contact Person.

Anything that would present a conflict for a director, officer or employee would likely also present a conflict if it is related to a member of his or her family.

### III. DISCLOSURE

Each director, officer or employee involved in the Company's disclosure process, including the Chief Executive Officer and the Chief Financial Officer (the "Senior Financial Officers"), is required to be familiar with and comply with the Company's disclosure controls and procedures and internal control over financial reporting, to the extent relevant to his or her area of responsibility, so that the Company's public reports and documents filed with the SEC comply in all material respects with the applicable federal securities laws and SEC rules. In addition, each such person having direct or supervisory authority regarding these SEC filings or the Company's other public communications concerning its general business, results, financial condition and prospects should, to the extent appropriate within his or her area of responsibility, consult with other Company officers and employees and take other appropriate steps regarding these disclosures with the goal of making full, fair, accurate, timely and understandable disclosure.

Each director, officer or employee who is involved in the Company's disclosure process, including without limitation, the Senior Financial Officers,

must:

- o Familiarize himself or herself with the disclosure requirements applicable to the Company as well as the business and financial operations of the Company.
- o Not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's independent auditors, governmental regulators and self-regulatory organizations.
- o Properly review and critically analyze proposed disclosure for accuracy and completeness (or, where appropriate, delegate this task to others).

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#### IV. COMPLIANCE

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each employee, officer and director to adhere to the standards and restrictions imposed by those laws, rules and regulations.

It is against Company policy and in many circumstances illegal for a director, officer or employee to profit from undisclosed information relating to the Company or any other company. Any director, officer or employee may not purchase or sell any of the Company's securities while in possession of material nonpublic information relating to the Company. Also, any director, officer or employee may not purchase or sell securities of any other company while in possession of any material nonpublic information relating to that company.

Any director, officer or employee who is uncertain about the legal rules involving a purchase or sale of any Company securities or any securities in companies that he or she is familiar with by virtue of his or her work for the Company, should consult with the Company's Chief Operating Officer before making any such purchase or sale.

#### V. REPORTING AND ACCOUNTABILITY

The Audit Committee of the Company's Board of Directors is responsible for applying this Code to specific situations presented to it for review and has the authority to interpret this Code in any particular situation. Any director, officer or employee who becomes aware of any existing or potential violation of this Code is required to notify the Code of Ethics Contact Person promptly. Failure to do so is itself a violation of this Code.

Any questions relating to how this Code should be interpreted or applied should be addressed to the Code of Ethics Contact Person. A director, officer or employee who is unsure of whether a situation violates this Code should discuss the situation with the Code of Ethics Contact Person to prevent possible misunderstandings and embarrassment at a later date.

Each director, officer or employee must:

- o Notify the Code of Ethics Contact Person promptly of any existing or potential violation of this Code.
- o Not retaliate against any other director, officer or employee for

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reports of potential violations that are made in good faith.

The Audit Committee shall take all action they consider appropriate to investigate any violations reported to them. If a violation has occurred, the Company will take such disciplinary or preventive action as it deems appropriate, after consultation with the Audit Committee, in the case of a director or executive officer, or after consultation with the Chief Operating Officer, in the case of any other employee.

### VI. CORPORATE OPPORTUNITIES

Directors, officers and employees owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Directors', officers and employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors, officers and employees are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. Directors, officers and employees who intend to make use of Company property or services in a manner not solely for the benefit of the Company should consult beforehand with the Code of Ethics Contact Person.

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### VII. CONFIDENTIALITY

In carrying out the Company's business, directors, officers and employees often learn confidential or proprietary information about the Company, its customers, suppliers or joint venture parties. Directors, officers and employees must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of the Company, and of other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed.

### VIII. FAIR DEALING

We have a history of succeeding through honest business competition. We do not seek competitive advantages through illegal or unethical business practices. Each director, officer and employee should endeavor to deal fairly with the Company's service providers, suppliers, competitors and employees. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

### IX. PROTECTION AND PROPER USE OF COMPANY ASSETS

All directors, officers and employees should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

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CERTIFICATION

I, Stephen C. Knepper, certify that:

1. I have reviewed this Annual Report on Form 10-K of Universal Security Instruments, Inc.;

2. Based on my knowledge, this 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 report;

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
- (b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 22, 2004

/s/ Stephen C. Knepper

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Stephen C. Knepper  
Chief Executive Officer

EXHIBIT 31.2  
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## CERTIFICATION

I, Harvey B. Grossblatt, certify that:

1. I have reviewed this Annual Report on Form 10-K of Universal Security Instruments, Inc.;

2. Based on my knowledge, this 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 report;

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
- (b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (c) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and



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- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 22, 2004

/s/ Harvey B. Grossblatt

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Harvey B. Grossblatt  
Chief Financial Officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATIONS

In connection with the Annual Report of Universal Security Instruments, Inc. (the "Company") on Form 10-K for the fiscal year ended March 31, 2004 as filed with the Securities and Exchange Commission and to which this Certification is an exhibit (the "Report"), the undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The 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 Report fairly presents, in all material respects, the financial condition and result of operations of the Company for the periods reflected therein.

Date: July 22, 2004

/s/ Stephen C. Knepper

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Stephen C. Knepper  
Chief Executive Officer

/s/ Harvey B. Grossblatt

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Harvey B. Grossblatt  
Chief Financial Officer