

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **January 4, 2010 (December 31, 2009)**

Koss Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other
Jurisdiction of
Incorporation)

0-3295
(Commission File
Number)

39-1168275
(IRS Employer
Identification No.)

4129 North Port Washington Avenue, Milwaukee, Wisconsin 53212

(Address of principal executive offices) (Zip code)

(414) 964-5000

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 4.01 Changes in Registrant's Certifying Accountant.

(a) On December 31, 2009, Koss Corporation (the "Company"), upon a recommendation from the Company's Audit Committee and approved by the Board of Directors, dismissed Grant Thornton LLP as its independent auditor. The Company is currently evaluating candidates to serve as its independent auditor and anticipates receiving a recommendation from the Audit Committee within the next week.

None of Grant Thornton's audit reports of the Company's financial statements, including financial statements for the past two years, contained an adverse opinion, a disclaimer of opinion, nor were they qualified or modified as to uncertainty, scope, or accounting principles. During the past two fiscal years and any subsequent interim period, there were no disagreements between the Company and Grant Thornton as to any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

On January 4, 2010, the Company provided Grant Thornton with a copy of the disclosures it is making in this Current Report on Form 8-K and requested that it furnish the Company with a letter addressed to the Commission stating whether it agrees with the statements made by the Company and, if not, stating the respects in which it does not agree. The Company has not yet received a response letter from Grant Thornton, but will file the response letter or any interim letter with respect to this disclosure within two business days after it is received.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

(a) The Company's Audit Committee, on the recommendation of its advisors and management, expanded the scope of the Company's previously disclosed internal investigation of unauthorized financial transactions by Sujata Sachdeva, the Company's former Vice President of Finance and Secretary, to include fiscal years 2005 through the present. The Company has now concluded that its previously issued financial statements on Forms 10-K for the fiscal years ended June 30, 2005 through 2009 and on Form 10-Q for the three months ended September 30, 2009 should no longer be relied upon due to the unauthorized financial transactions. An internal investigation under the supervision of an independent committee of the Board of Directors with the assistance of independent counsel and forensic accountants is continuing. Preliminary estimates indicate that the amount of unauthorized transactions since fiscal year 2005 through the present has exceeded \$31 million, but at this point the Company and its advisors cannot assess the potential impact on its financial statements or identify the extent that specific fiscal periods may be affected. Nor can the Company and its advisors yet assess the extent of the

possible offsets through insurance, asset recoveries and other mechanisms related to the unauthorized transactions. As promptly as possible, the Company plans to restate its financial statements for applicable periods as further investigation indicates.

On December 31, 2009, the Company dismissed Grant Thornton as its independent auditor and is currently evaluating candidates to serve as its new independent auditor. The Company has disclosed the matters contained in this filing with Grant Thornton.

A press release with respect to this matter was issued on January 4, 2010. A copy of the press release is being furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1	Press Release dated January 4, 2010, announcing dismissal of certifying accountant and non-reliance on previously issued financial statements
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: January 4, 2010

KOSS CORPORATION

By: /s/ Michael Koss
Michael J. Koss
Chief Executive Officer,
President and Chief Financial Officer

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INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated January 4, 2010, announcing dismissal of certifying accountant and non-reliance on previously issued financial statements

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NEWS RELEASE

4129 NORTH PORT WASHINGTON AVENUE, MILWAUKEE, WI 53212 / 414 964-5000 / WWW.KOSS.COM

FOR IMMEDIATE RELEASE
January 4, 2010

CONTACT: Michael J. Koss
President & CEO
(414) 964-5000
mjkoss@koss.com

**Koss Corporation's Investigation Expands as Grant Thornton is Dismissed as the
 Independent Auditors**

Milwaukee, Wisconsin: Koss Corporation (NASDAQ SYMBOL: KOSS), the U.S. based high-fidelity stereophone leader, announced that the scope of the Company's previously disclosed internal investigation of unauthorized financial transactions by Sujata Sachdeva, the Company's former Vice President of Finance and Secretary, has been expanded to include fiscal years since 2005 through the present. Preliminary estimates indicate that the amount of unauthorized transactions since fiscal year 2005 through the present has exceeded \$31 million, but at this point the Company and its advisors cannot assess the potential impact on its financial statements or identify the extent that specific fiscal periods may be affected. Nor can the Company and its advisors yet assess the extent of the possible offsets through insurance, asset recoveries and other mechanisms related to the unauthorized transactions. As a result, the Company has concluded that its previously issued financial statements at least since the end of its 2005 fiscal year should no longer be relied upon. The Company plans to restate its financial statements for at least the last three fiscal years as further investigation indicates.

On December 31, 2009, upon a recommendation from Koss Corporation's Audit Committee and approved by the Board of Directors, Koss dismissed Grant Thornton LLP as its independent auditors. None of Grant Thornton's audit reports of Koss Corporation's financial statements, including the ones for the past two fiscal years, contained an adverse opinion, a disclaimer of opinion, nor were they qualified or modified as to uncertainty, scope, or accounting principles. The Company is currently evaluating candidates to serve as its independent auditors and anticipates receiving a recommendation from the Audit Committee within the next week.

The Company's internal investigation, supervised by an independent committee of the Board of Directors, including the committee's independent counsel and forensic accountants, is continuing, as are efforts to recover merchandise related to the unauthorized transactions. The Company continues to work with law enforcement and regulatory authorities.

Koss Corporation markets a complete line of high-fidelity stereophone, speaker-phones, computer headsets, telecommunications headsets, active noise canceling stereophones, wireless stereophones, and compact disc recordings of American Symphony Orchestras on the Koss Classics label.

This press release contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "forecasts," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of such terms and other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating forward-looking statements, you should specifically consider various factors that may cause actual results to vary from those contained in the forward-looking statements, such as general economic conditions, in particular, consumer demand for the Company's and its customers' products, competitive and technological developments, foreign currency fluctuations, and costs of operations. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. In addition, such uncertainties and other operational matters are discussed further in the Company's quarterly and annual filings with the Securities and Exchange Commission.

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