

**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): **May 17, 2010 (May 12, 2010)**

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 1.01. Entry into a Material Definitive Agreement.

On May 12, 2010, Koss Corporation ("Company") entered into a new secured credit facility ("Credit Agreement") with JPMorgan Chase Bank, N.A. ("Lender") that provides for an \$8 million revolving secured credit facility and for letters of credit for the benefit of the Company of up to a sublimit of \$2 million. The Company and the Lender also entered into the Pledge and Security Agreement dated May 12, 2010 (the "Security Agreement") under which the Company granted the Lender a security interest in the Company's personal property and other assets in connection with the Company's obligations under the Credit Agreement. The Company's credit facility with Harris, N.A. was terminated on the same day, and the outstanding balance of \$5.9 million was fully repaid.

The Credit Agreement and the Security Agreement are described in the Company's Form 10-Q for the quarter ended March 31, 2010 filed on May 17, 2010 (the "March 31 10-Q"), which description is incorporated herein by reference. The descriptions of the Credit Agreement and the Security Agreement are qualified in their entirety by the actual agreements, which were filed as exhibits to the March 31 10-Q.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On May 12, 2010, the Company borrowed \$4.0 million under its credit facility with the Lender, \$600,000 of which was repaid on May 14, 2010. These funds were used to repay the Company's balance on its credit facility with Harris, N.A., which has now been terminated. The interest rate and other terms with respect to the \$3.4 million due on the JPMorgan Chase facility are described in the March 31 10-Q, which description is incorporated herein by reference. The description of the credit facility is qualified in its entirety by the terms described in the Credit Agreement and the Security Agreement, which were filed as exhibits to the March 31 10-Q.

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On May 17, 2010, the Company notified The NASDAQ Stock Market of its non-compliance with Listing Rule 5250(c)(1), which requires the timely filing of periodic financial statements. Due to certain previously reported unauthorized financial transactions, the Company is restating its previously issued financial statements for the fiscal years ended 2008 and 2009, for all quarterly periods during those fiscal years, and for the quarter ended September 30,

2009. The Company plans to amend its annual report on Form 10-K for the fiscal year ended June 30, 2009 and its quarterly report on Form 10-Q for the quarter September 30, 2009 to include the restated financials. The Company also plans to amend its quarterly report on Form 10-Q for the quarter ended December 31, 2009, which was filed without financial statements. The Company expects to file these amendments no later than June 30, 2010. As a result, the Company's unaudited consolidated financial statements for the quarter ended March 31, 2010 are not yet available and are not included in the Company's quarterly report on Form 10-Q filed on May 17, 2010. The Company will file an amended quarterly report on Form 10-Q for the quarter ended March 31, 2010 as promptly as possible after the other amended periodic reports have been filed.

A copy of the press release issued on May 17, 2010 relating to the quarterly report on Form 10-Q for the quarter ended March 31, 2010 is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Number</u>	<u>Description</u>
Exhibit 99.1	Press Release of Koss Corporation dated May 17, 2010.

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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: May 17, 2010

KOSS CORPORATION

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

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INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of Koss Corporation dated May 17, 2010.



NEWS RELEASE

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

FOR IMMEDIATE RELEASE
May 17, 2010
CONTACT: Michael J. Koss
President & CEO
(414) 964-5000
mjkoss@koss.com
Koss Announces Quarterly Dividend Despite Delay in Q3 Financial Results

Milwaukee, Wisconsin: Koss Corporation (NASDAQ SYMBOL: KOSS), the U.S. based high-fidelity stereophone leader, announced that its quarterly report on Form 10-Q for the period ended March 31, 2010 filed with the SEC today did not include unaudited consolidated financial statements due to delays relating to certain previously disclosed unauthorized transactions. The Company intends to amend this Form 10-Q to include the quarterly unaudited financial statements as soon as possible after the restatements of the Company's previously issued consolidated financial statements are completed. The Company anticipates restating its financial statements for fiscal years 2008 and 2009, and the quarter ended September 30, 2009. The Company is also preparing the financial statements for the quarter ended December 31, 2009, which were not included in the Form 10-Q for that period. The Company expects to file an amended Form 10-K for the year ended June 30, 2009, and amended 10-Qs for the quarters ended September 30, 2009 and December 31, 2009, no later than June 30, 2010.

The Company has also announced that it will pay a quarterly dividend of \$.06 per share on July 15, 2010 to shareholders of record as of June 30, 2010.

"Our business and cash flow have continued to remain on a solid footing since the discovery of a number of unauthorized transactions in December," Michael J. Koss, President and CEO, said today. "We are working diligently to restate our financial statements for the reporting periods affected by the unauthorized transactions as required in order to satisfy the Company's NASDAQ listing obligations, and its SEC reporting requirements."

Koss Corporation has made regularly scheduled quarterly dividend payments to the Company's shareholders since October 15, 2001.

The Company also reported that it entered into a new secured credit facility with JPMorgan Chase on May 12, 2010 which will extend funding to the Company of up to \$8 million. The Company reported that the credit facility has an outstanding balance of \$3.4 million as of May 17, 2010. The Company's credit facility with Harris, N.A. was terminated on May 12, 2010, and the entire \$5.9 million balance repaid.

"The unauthorized transactions over-extended our accounts payables and increased borrowing. As of May 14, we have reduced our accounts payable liabilities by over four million dollars and reduced the company's borrowing to \$3.4 million dollars," Koss said.

The Company anticipates that its current liquidity and cash flow from operations will meet its cash requirements for operations, including the additional investigation costs related to the unauthorized transactions, and new product development. After discovering the unauthorized transactions, the Company's cash and cash equivalents have increased. Although the Company has incurred certain costs in connection with the investigation of and legal proceedings related to the unauthorized transactions, the Company is pursuing reimbursement of these costs through its available insurance coverage. The Company received \$1 million of insurance proceeds during the quarter.

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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