

VASOMEDICAL INC  
Form 10-K/A  
September 28, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K/A  
Amendment No. 1

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended May 31, 2010

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-18105

VASOMEDICAL, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

11-2871434  
(IRS Employer  
Identification No.)

180 Linden Avenue, Westbury, New York  
(Address of Principal Executive Offices)

11590  
(Zip Code)

Registrant's telephone number, including area code: (516) 997-4600

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:  
Common Stock, \$.001 par value  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes  No

Indicate by a 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

Edgar Filing: VASOMEDICAL INC - Form 10-K/A

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files)

Yes  No

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

The aggregate market value of common stock held by non-affiliates was approximately \$14,088,479 based on the closing sales price of the common stock as quoted on the OTC-BB on August 23, 2010.

At August 23, 2010, the number of shares outstanding of the issuer's common stock was 110,271,131.

DOCUMENTS INCORPORATED BY REFERENCE

None

EXPLANATORY NOTE

Vasomedical, Inc. (the "Company," "we," "us," or "our") is filing this Amendment No. 1 on Form 10-K/A to our Report on Form 10-K for the fiscal year ended May 31, 2010 (the "Report") for the purpose of including information that was to be incorporated by reference from our definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). We will not file our proxy statement within 120 days of our fiscal year ended May 31, 2010, and are, therefore, amending and restating in their entirety Items 10, 11, 12, 13 and 14 of Part III of the Report.

This amendment also includes audited financial statements that are accompanied by a report signed by our Independent Registered Public Accounting Firm. No changes have been made to the audited financial statements.

Except as described above, no other amendments are being made to this Report. This Form 10-K/A does not reflect events occurring after the August 30, 2010 filing of our Report or modify or update the disclosure contained in the Report in any way other than as required to reflect the amendments discussed above and reflected below.

This amendment should be read in conjunction with our Annual Report for the year ended May 31, 2010 filed on Form 10-K on August 30, 2010.

INDEX TO FORM 10-K/A

	Page
PART III	
ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	1
ITEM 11 - EXECUTIVE COMPENSATION	4
ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	6
ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE	9
ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES	11
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-2
CONSOLIDATED BALANCE SHEETS	F-3
CONSOLIDATED STATEMENTS OF OPERATIONS	F-4
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY	F-5
CONSOLIDATED STATEMENTS OF CASH FLOWS	F-6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-7

---

## PART III

## ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

## Directors of the Registrant

As of September 24, 2010, the members of our Board of Directors are:

Name of Director	Age	Principal Occupation	Director Since
Simon Srybnik (3)(4)	94	Chairman of the Board and Director	June, 2007
Derek Enlander (1)(2)	62	Director	July, 2007
Jun Ma	47	President and Chief Executive Officer	June, 2007
Behnam Movaseghi (2)	57	Director	July, 2007
William Dempsey (2)	56	Director	June, 2010
Peter C. Castle (1)	42	Director	August, 2010

(1) Member of the Audit Committee

(2) Member of Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Ex-officio member of all committees

The following is a brief account of the business experience for at least the past five years of our directors:

Simon Srybnik has been a director since June 2007 and Chairman of the Board since June 2010. He is the Chairman of the Board of Kerns Manufacturing Corp. and Living Data Technology Corp. A lifetime entrepreneur and industrialist, Mr. Srybnik has founded and managed many companies in various industries including machinery and process equipment, aerospace and defense, biology and healthcare.

Derek Enlander M.D. has been a director since July 2007. He is an attending physician at the Mount Sinai Medical Center New York, and a clinical instructor at the Mount Sinai Medical School. He is in private practice in Internal Medicine in Manhattan. He is the author of six books on medicine and over twenty research papers. He has invented a new drug to treat immune dysfunction and is the President of Computer Medica Inc., where he invented a Medical History card to store a patient's medical files including X-rays, MRIs, etc. on a credit card size computer readable card.

Jun Ma, PhD has been a director since June 2007 and was appointed President and Chief Executive Officer of the Company on October 16, 2008. Dr. Jun Ma has been an associate professor in engineering at New York Institute of Technology since 1997 and an assistant professor from 1993 to 1997. Previously Dr. Ma provided technology and business consulting services to several companies in aerospace, automotive, biomedical, medical device, and other industries, including Kerns Manufacturing Corp. and Living Data Technology Corp., both of which are stockholders of our Company.

Behnam Movaseghi has been a director since July 2007. Mr. Movaseghi has been treasurer of Kerns Manufacturing Corporation since 2000, and controller from 1990 to 2000. For approximately ten years prior thereto Mr. Movaseghi

was a tax and financial consultant. Mr. Movaseghi is a Certified Public Accountant.

William Dempsey has been a director since June 2010. Mr. Dempsey is the former owner and Managing Director of Cardiac Services Ireland, Ltd., a healthcare and distribution company in Ireland and the United Kingdom. He has over 30 years experience in the healthcare and distribution market in Ireland. Mr. Dempsey successfully built and grew Cardiac Services Ireland Ltd. into one of the country's leading suppliers of cardiology, anesthesia, imaging, fetal and obstetrical patient monitoring and resuscitation products.

Peter Castle has been a director since August 2010. Mr. Castle is currently the President and Chief Operating Officer of NetWolves Corporation, where he has been employed since 1998. Mr. Castle also held the position of Chief Financial Officer from 2001 until October 2009, Vice President of Finance since January 2000, Controller from August 1998 until December 1999 and Treasurer and Secretary from August 1999. NetWolves is a global telecommunications and Internet managed services provider offering single-source network solutions that provides multi-carrier and multi-vendor implementation to over 1,000 customers worldwide.

#### Committees of the Board of Directors

##### Audit Committee and Audit Committee Financial Expert

The Board has a standing Audit Committee. The Board has affirmatively determined that each director who serves on the Audit Committee is independent, as the term is defined by applicable Securities and Exchange Commission ("SEC") rules. During the fiscal year ended May 31, 2010, ("fiscal 2010") the Audit Committee consisted of Photios T. Paulson, who served as the committee chair during fiscal 2010, Derek Enlander and Martin Zeiger until his resignation in April 2010. The members of the Audit Committee have substantial experience in assessing the performance of companies, gained as members of the Company's Board of Directors and Audit Committee, as well as by serving in various capacities in other companies or governmental agencies. As a result, they each have an understanding of financial statements. The Board believes that the addition of Peter Castle in August 2010 fulfills the role of the financial expert on this committee.

The Audit Committee regularly meets with our independent registered public accounting firm outside the presence of management.

The Audit Committee operates under a charter approved by the Board of Directors. The Audit Committee charter is available on our website.

##### Compensation Committee

Our Compensation Committee annually establishes, subject to the approval of the Board of Directors and any applicable employment agreements, the salaries that will be paid to our executive officers during the coming year, as well as administers our stock-based benefit plans. During fiscal 2010, the Compensation Committee consisted of Martin Zeiger, who served as the committee chair, until his resignation in April 2010, Derek Enlander, and Photios T. Paulson. None of these persons were our officers or employees during fiscal 2010 or, except as otherwise disclosed, had any relationship requiring disclosure in this Form 10-K/A.

The Compensation Committee operates under a charter approved by the Board of Directors. The Compensation Committee charter is available on our website.

##### Corporate Governance Committee

The Board of Directors has established a Corporate Governance Committee. During fiscal 2010, the Corporate Governance Committee consisted of John C.K. Hui, who served as committee chair until his resignation in June 2010, Simon Srybnik and Martin Zeiger until his resignation in April 2010. The Corporate Governance Committee monitors developments in corporate governance principles and other corporate governance matters and makes recommendations to the Board of Directors regarding the adoption of additional corporate governance principles.

The Corporate Governance Committee operates under a charter approved by the Board of Directors. The Corporate Governance Committee charter is available on our website.



## MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES

During the fiscal year ended May 31, 2010 there were:

- 7 meetings of the Board of Directors
- 4 meetings of the Audit Committee
- 1 meeting of the Compensation Committee

The Corporate Governance Committee did not hold any meetings during the fiscal year ended May 31, 2010.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors, executive officers and persons who beneficially own more than 10% of our common stock (collectively, "Reporting Persons") to file initial reports of ownership and reports of changes in ownership of our common stock with the SEC. Reporting Persons are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on our review of the copies of such reports received or written representations from certain Reporting Persons that no other reports were required, we believe that during fiscal 2010, all Reporting Persons timely complied with all applicable filing requirements.

### Corporate Governance - Code of Ethics

We have adopted a Corporate Code of Business Ethics (the "Code") that applies to all employees, including our principal executive officer, principal financial officer, and directors of the Company. A copy of the Code can be found on our website, [www.vasomedical.com](http://www.vasomedical.com). The Code is broad in scope and is intended to foster honest and ethical conduct, including accurate financial reporting, compliance with laws and the like. If any substantive amendments are made to the Code or if there is any grant of waiver, including any implicit waiver, from a provision of the Code to our Chief Executive Officer or Chief Financial Officer, we will disclose the nature of such amendment or waiver in a Current Report on Form 8-K.

### Executive Officers of the Registrant

As of September 24, 2010 our executive officers are:

Name of Officer	Age	Position held with the Company
Jun Ma, PhD	47	President, Chief Executive Officer and Director
Jonathan Newton	49	Chief Financial Officer
John C.K. Hui, PhD	64	Senior Vice-President and Chief Technology Officer

Jonathan P. Newton was appointed Chief Financial Officer of the Company effective September 1, 2010. From June 2006 to August 2010, Mr. Newton was Director of Budgets and Financial Analysis for Curtiss-Wright Flow Control. His responsibilities included the development of sophisticated financial forecasting models, preparing the annual budget, long-term strategic planning, cost analysis and SOX compliance. From August 2001 to June 2006, Mr. Newton was Vasomedical's Director of Budgets and Analysis. In that capacity, his responsibilities included preparing annual budgets and forecasts, revenue, margin and cost analyses for management and the Company's outside auditors, Board of Directors presentations, and preparation of the Company's quarterly and annual SEC filings. Prior positions included Controller of North American Telecommunications Corp., Accounting Manager for Luitpold Pharmaceuticals, positions of increasing responsibility within the internal audit function of the Northrop Grumman



Corporation and approximately three and one half years as an accountant for Deloitte Haskins & Sells, during which time Mr. Newton became a certified public accountant . Mr. Newton holds a B.S. in Accounting from SUNY at Albany, and a B.S. in Mechanical Engineering from Hofstra University.

John C. K. Hui, Ph.D. has been our Senior Vice President and Chief Technology Officer since October 16, 2008, our President, Chief Executive Officer and Chief Technology Officer from April 1, 2007 through October 15, 2008, as well as a director since February 1995. From February 1995 until April 2007, he was a Senior Vice President. Dr. Hui has been an Assistant Professor in the Department of Surgery and Division of Cardiology at the State University of Stony Brook, New York since 1978. He has also been a scientist in the medical department of Brookhaven National Laboratories. Dr. Hui was CEO and President of and a principal stockholder in Vasogenics, Inc. at the time of its acquisition by us in January 1995.

## ITEM 11 - EXECUTIVE COMPENSATION

The following table sets forth the annual and long-term compensation of our Chief Executive Officer and each of our most highly compensated officers who were serving as executive officers at the end of the last completed fiscal year, and certain former executive officers as required under SEC rules (collectively, the “Named Executive Officers”) for services rendered for fiscal 2010 and the year ended May 31, 2009 (“fiscal 2009”).

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards (\$)	Option Awards (\$)(2)	Non-Equity	Nonqualified	All	Total (\$)
						Incentive Compensation (\$)	Deferred Earnings Compensation (\$)	Other Compensation (\$)(1)	
Jun Ma, PhD Chief Executive Officer (3)	2010	\$ 148,471	-	\$ 25,000	\$ 20,000	-	-	\$ 1,195	\$ 194,666
John C. K. Hui Senior Vice President and Chief Technology Officer (Chief Executive Officer) (4)	2009	\$ 97,817	-	\$ 10,000	-	-	-	\$ 583	\$ 108,400
Tarachand Singh (Chief Financial Officer) (5)	2010	\$ 157,151	-	\$ 20,000	-	-	-	\$ 22,286	\$ 199,437
	2009	\$ 178,525	-	-	-	-	-	\$ 19,049	\$ 197,574
	2010	\$ 120,000	-	-	-	-	-	\$ 11,368	\$ 131,368