

AMERICAN ACCESS TECHNOLOGIES INC

Form 424B3

July 28, 2004

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PROSPECTUS

AMERICAN ACCESS TECHNOLOGIES, INC.

21,500 Shares of Common Stock

This prospectus relates to the public offering or distribution, which is not being underwritten, of up to 21,500 shares of common stock, par value \$0.001 per share, of American Access Technologies, Inc. by the selling stockholder described herein. The price at which the selling stockholder may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any proceeds from the sale or distribution of the common stock by the selling stockholder.

Our common stock is quoted on the Nasdaq SmallCap Market under the trading symbol AATK. On July 20, 2004, the last price for our common stock, as reported by the Nasdaq SmallCap Market, was \$1.65.

The shares of common stock offered or sold under this prospectus involve a high degree of risk. You should carefully consider the risk factors beginning on page 4 of this prospectus before purchasing any of the shares of common stock offered under this prospectus.

The shares of common stock may be sold through broker-dealers or in privately negotiated transactions in which commissions and other fees may be charged. These fees, if any, will be paid by the selling stockholder. American Access Technologies, Inc. has no agreement with a broker-dealer with respect to these shares and is unable to estimate the commissions that may be paid in any given transaction.

Neither the Securities and Exchange Commission, any state securities commission, nor any other regulatory authority has approved or disapproved of these securities or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 27, 2004.

SUMMARY

This summary does not contain all of the information you should consider before investing in our common stock. You should read the entire prospectus, including the risks discussed under the caption "Risk Factors" and the information incorporated by reference from our periodic reports, for important information regarding our company and our common stock before making the decision to invest.

AMERICAN ACCESS TECHNOLOGIES, INC.

American Access Technologies, Inc. develops and manufactures patented zone cabling and wireless enclosures that mount in ceilings, walls, raised floors, and in custom furniture, to facilitate the routing of telecommunications network cabling, fiber optics and wireless solutions to the workspace environment. We believe that Zone cabling is a superior approach for growing and open office configurations or wherever frequent moves, additions and changes of telecommunications services are a factor because zone cabling of the workspace reduces both labor and material costs for initial network installation and facilitates moves, adds, changes and upgrades for the network installations of today and tomorrow.

Our wholly-owned subsidiary, Omega Metals, Inc., is a precision sheet metal fabrication and assembly operation which manufactures our zone cabling and wireless products and also serves a diverse client base of over 300, including engineering, technology and electronics companies, mostly in the Southeast. Manufacturing services include precision stamping, bending, assembling, painting, powder coating and silk screening. Our Company operates from a 67,500 sq. ft. manufacturing facility situated on 8 1/2 acres of land that we own.

On May 8, 2003 we entered into an agreement with Chatsworth Products, Inc., Westlake Village, CA establishing a five - year strategic alliance for the manufacture and sales of Zone Cabling and Wireless products developed by American Access. These products, which are currently manufactured by American Access, are co-branded with the names of both American Access and Chatsworth Products, Inc. (CPI) and will be exclusively sold and distributed by CPI. Under the agreement, American Access will continue to manufacture the products but CPI will have manufacturing rights under certain circumstances. As of the date of this prospectus, American Access manufactures all of such products. In connection with the alliance, CPI purchased 215,517 shares of American Access common stock in a private placement at \$1.16 per share.

Our principal executive offices are located at 6670 Spring Lake Road, Keystone Heights, FL 32656 and our telephone number is (352) 473-6673.

RISK FACTORS

Our business is subject to a number of risks, some of which are discussed below. Other risks are presented elsewhere in this prospectus and in the information incorporated by reference into this prospectus. Before deciding to invest in our company or to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this prospectus, our Annual Report on Form 10-KSB, our Quarterly Reports on 10-QSB; and in our other filings with the Commission, including any subsequent reports filed on Forms 10-KSB, 10-QSB and 8-K. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations. If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part of your investment.

Risks Related to our business.

We do not have a history of profitable operation and may not be profitable in the future.

We incurred net losses of approximately \$842,000 in 2003, \$967,000 in 2002, \$1,441,000 in 2001 and \$2,034,000 in 2000. For the three months ended March 31, 2004 we incurred a net loss of \$293,515 compared to a net loss of \$107,229 in the same period in 2003. Our expenses are currently greater than our revenues. Our ability to operate profitably depends on increasing our sales and achieving sufficient gross profit margins. We cannot assure you that we will achieve or maintain profitable operations in the future.

Economic weakness has affected adversely, and could continue to affect adversely, our revenue, gross margin and expenses.

Our revenue and gross margin depend significantly on general economic conditions and the demand for our products. Softened demand for our products and services caused by economic weakness and constrained telecommunications networking spending over the past several years has resulted, and may result in the future, in

decreased revenue, gross margin, earnings or growth rates and problems with our ability to realize customer receivables. In addition, customer financial difficulties have resulted, and could in the future result, in increases in bad debt write-offs and additions to reserves in our receivables portfolio. We have also experienced, and may in the future experience, gross margin declines in our zone cabling and wireless products, due to the effect of our reduced pricing of such products to Chatsworth Products to reflect the marketing and sales activities they are responsible for under our agreement with them. Uncertainty about future economic conditions makes it difficult to forecast operating results and delays or reductions in telecommunications networking spending could have a material adverse effect on demand for our products and consequently our results of operations, prospects and stock price.

Telecommunications networking products are subject to rapid technological change and to compete, we must offer products that achieve market acceptance.

The telecommunications networking industry is characterized by rapid technological change, short product life cycles and evolving industry standards. To remain competitive, we must continue to improve our existing products and offer products for new technologies which may emerge.

Our Zone cabling enclosures are designed to facilitate zone cabling of workspace environments. We believe that Zone cabling is a superior approach for growing and open office configurations or wherever frequent moves, additions and changes of telecommunications services are a factor. We can offer no assurance, however, that Zone cabling will be widely adopted by the telecommunications industry. Furthermore, the recent growth of wireless networking may adversely affect the demand for our zone cabling products.

Sales of our Zone cabling products depend upon the decision of prospective end users to undertake a network cabling or wireless networking projects which incorporate our products. Such projects are affected by a variety of factors, including the following:

acceptance of the benefits of zone cabling over traditional home run cabling

general economic conditions

potential technological changes such as the growth of wireless networking in the office

For these and other reasons, the sales cycle associated with the purchase of our zone cabling and wireless products can be quite lengthy and is subject to a number of significant risks, including customers' budgeting constraints and internal acceptance reviews that are beyond our control. Because of the lengthy sales cycle, our sales of such products are variable and can fluctuate substantially.

We depend significantly on a distributor of our zone cabling and wireless products.

Until May 2003, our zone cabling and wireless product revenues were derived from our sales to a limited number of direct customers, most of which were OEM customers and stocking distributors. In May 2003, we established Chatsworth Products, Inc. (CPI) as our exclusive distributor for all of our zone cabling and wireless products to customers other than OEM customers. Accordingly, we are dependent on the performance of CPI to maintain relationships with our existing customers, other than OEM customers, and establish new customers for our products. Our distribution agreement with CPI lasts until May 2008. If CPI is not successful in maintaining good relationships with our existing customers, other than OEM customers, and finding new customers for our products or experiences significant reduction, delay or cancellation of orders

from any of these customers our operating results could be materially and adversely affected.

Our failure to adequately protect our proprietary rights could adversely affect our ability to compete effectively.

We rely on a combination of patents, trademarks, non-disclosure agreements, invention assignment agreements and other security measures in order to establish and protect our proprietary rights. We have been issued four U.S. patents, which are important to our current business. We can offer no assurance that patents will issue from any of these pending applications or, if patents do issue, that the claims allowed will be sufficiently broad to protect our technology. In addition, we can offer no assurance that any patents issued to us will not be challenged, invalidated or circumvented,

or that the rights granted thereunder will adequately protect us. There can be no assurance that the measures we have taken or may take in the future will prevent misappropriation of our technology or that others will not independently develop similar products, design around our proprietary or patented technology or duplicate our products.

Decreased effectiveness of equity compensation could adversely affect our ability to attract and retain employees, and proposed changes in accounting for equity compensation could adversely affect earnings.

We have historically used stock options and other forms of equity-related compensation as key components of our employee compensation program in order to align employees' interests with the interests of our stockholders, encourage employee retention, and provide competitive compensation packages. In recent periods, many of our employee stock options have had exercise prices in excess of our stock price, which could affect our ability to retain or attract present and prospective employees. In addition, the Financial Accounting Standards Board has proposed changes to generally accepted accounting principles that would require us to record a charge to earnings for employee stock option grants and other equity incentives. Moreover, applicable stock exchange listing standards relating to obtaining stockholder approval of equity compensation plans could make it more difficult or expensive for us to grant options to employees in the future, which may result in changes in our equity compensation strategy. These and other developments in the provision of equity compensation to employees could make it more difficult to attract, retain and motivate employees and result in additional expense.

Risks related to ownership of our common stock.

The exercise of our outstanding stock options could adversely affect our outstanding common stock.

Our stock option plans are an important component of our compensation program for our employees and directors. As of December 31, 2003, we have issued and outstanding options to purchase approximately 7,000,000 shares of common stock with exercise prices ranging from \$0.56 to \$25.00 per share. The existence of such rights to acquire common stock at fixed prices may prove a hindrance to our efforts to raise future funding by the sale of equity. The exercise of such options will dilute the percentage ownership interest of our existing stockholders and may dilute the value of their ownership. The possible future sale of shares issuable on the exercise of outstanding options could adversely affect the prevailing market price for our common stock. Further, the holders of the outstanding rights may exercise them at a time when we would otherwise be able to obtain additional equity capital on terms more favorable to us.

Future sales of shares may depress the price of our common stock.

If substantial stockholders sell shares of our common stock into the public market, or investors become concerned that substantial sales might occur, the market price of our common stock could decrease. We have outstanding registration statements covering the possible sale of 598,512 shares of our common stock by holders including the shares covered by the registration statement of which this prospectus forms a part.

If the price of our stock goes below \$1.00 for 30 consecutive trading days, our stock could be delisted from the NASDAQ Stock Market.

Our stock is currently listed on the Nasdaq Small Cap Market. The Nasdaq Stock Market's Marketplace Rules impose a minimum stock price of \$1.00 per share for the continued listing of our stock. As of the date of this prospectus we are in compliance with all Nasdaq Stock Market listing requirements. If our stock price were to close below \$1.00 for 30 consecutive trading days in the future we could be out of compliance and our

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stock would be subject to delisting if we did not achieve compliance within the 180 day cure period provided in the Nasdaq Marketplace Rules. If we are delisted our stock's liquidity would suffer, and we would likely experience reduced investor interest. Such factors may result in a decrease in our stock's trading price. Delisting also makes it more difficult for us to issue additional shares in connection with securing additional financing.

SPECIAL NOTE ABOUT FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated by reference in this prospectus contain forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Words such as anticipate, expect, intend, plan, believe, seek, estimate, predict, continue, will and may and various other similar expressions are intended to identify forward-looking statements. These statements reflect the views of our management at the time they are made based on information currently available to management. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict.

Therefore, our actual results could differ materially from those expressed or forecasted in any forward-looking statements as a result of a variety of factors, including those set forth in Risk Factors above and elsewhere in, or incorporated by reference into, this prospectus. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

USE OF PROCEEDS

The shares of common stock offered by this prospectus will be sold by the selling stockholder, and the selling stockholder will receive all of the proceeds from the sales of such shares. We will not receive any proceeds from the sale or distribution of the common stock by the selling stockholder.

SELLING STOCKHOLDER

The following table sets forth the name of the selling stockholder, the number of shares of common stock known by us to be beneficially owned by the selling stockholder as of June 28, 2004 (based on the selling stockholder's representations regarding his ownership) and the number of shares of common stock being registered for sale. We issued the shares to the selling stockholder pursuant to the terms of an agreement dated June 18, 2004 in connection with a settlement. The term "selling stockholder" includes the stockholder listed below and his transferees, assignees, pledgees, donees or other successors. We are unable to determine the exact number of shares that will actually be sold because the selling stockholder may sell all or some of the shares and because we are not aware of any agreements, arrangements or understandings with respect to the sale of any of the shares. The following table assumes that the selling stockholder will sell all of the shares being offered for their account by this prospectus. The shares offered by this prospectus may be offered from time to time by the selling stockholder. The selling stockholder is not making any representation that any shares covered by this prospectus will or will not be offered for sale. The selling stockholder reserves the right to accept or reject, in whole or in part, any proposed sale of shares. The selling stockholder also may offer and sell less than the number of shares indicated.

We are not a party to any other agreement, arrangement, or understanding regarding the sale of any of these shares. The selling stockholder is not a registered broker-dealer or affiliated with a broker-dealer.

<u>Name of Selling Stockholder</u>	Number of Shares of Common Stock Beneficially Owned Before	Shares of Common Stock Being Offered in the Offering	Number of Shares of Common Stock Beneficially Owned After
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	<u>the Offering</u>		<u>the Offering</u> ⁽¹⁾
Archibald John Thomas III	21,500	21,500	-0-

⁽¹⁾ Assumes the sale of all shares offered in this prospectus and no other purchases or sales of our common stock by the selling stockholder.

PLAN OF DISTRIBUTION

The selling stockholder and any of his pledgees, assignees, transferees, donees and successors-in-interest may, from time to time, sell any or all of their shares on any stock exchange, market or trading facility on which our common stock is traded or in private transactions. The selling stockholder will act independently in making decisions with respect to the timing, manner and size of each sale of shares covered in this prospectus. The selling stockholder may use any one or more of the following methods when selling shares:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, which may include long sales and short sales effected after the effective date of the registration statement;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account pursuant to this prospectus;

at the market to or through market makers or into an existing market for the shares;

an exchange distribution in accordance with the rules of the applicable exchange;

in other ways not involving market makers or established trading markets, including direct sales to purchasers, sales effected through agents or other privately negotiated transactions;

settlement of short sales;

broker-dealers may agree with the selling stockholder to sell a specified number of shares at a stipulated price per share;

through transactions in options, swaps or other derivative securities (whether exchange-listed or otherwise);

a combination of any the foregoing methods of sale; or

any other method permitted by applicable law.

In the event that a sale is to be made pursuant to this registration statement by a pledgee or other transferee, we will provide appropriate information regarding such pledgee or transferee by a prospectus supplement or a post-effective amendment, if necessary, naming such pledgee or transferee as a selling stockholder.

Any sale or distribution of common stock by the selling stockholder must be accompanied by, or follow the delivery of, this prospectus, unless the selling stockholder elects to rely on Rule 144 or another exemption from the registration requirements in connection with a particular transaction. The selling stockholder may sell shares at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices or at fixed prices. The selling stockholder may sell directly to broker-dealers as principals, in routine transactions through broker-dealers that will be compensated in the form of discounts, concessions, or commissions, or in block transactions in which a

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broker-dealer may act as a principal or an agent. The broker-dealers will either receive discounts or commissions from the selling stockholder, or they will receive commissions from purchasers of shares. We have not and do not intend to enter into any arrangement with any securities dealer concerning such discounts, concessions or commissions for the solicitation of offers to purchase the common stock or the sale of such stock.

The selling stockholder and any brokers, dealers or agents that participate in the distribution of the shares may be deemed to be underwriters within the meaning of the Securities Act of 1933. Any profit from the sale of the

shares by the selling stockholder and any commission, discount or concession received by any underwriters, brokers, dealers or agents may be deemed to be underwriting discounts or commissions under the Securities Act of 1933.

Under the rules and regulations of the Securities Exchange Act of 1934, as amended, any person engaged in the distribution or the resale of shares may not simultaneously engage in market making activities with respect to our common stock for a period of two business days prior to the commencement of such distribution. The selling stockholder will also be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and regulations under the Securities Exchange Act of 1934, as amended, which may limit the timing of purchases and sales of our shares of common stock by the selling stockholder.

The selling stockholder will pay all commissions, transfer taxes, and other expenses associated with the sale of securities by the selling stockholder. The shares offered hereby are being registered pursuant to contractual obligations to which we are subject, and we have paid the expenses of the preparation of this prospectus.

We estimate that we will incur costs of approximately \$4,309 in connection with this offering for legal, accounting, printing, and other costs related to the registration and sale of the shares of common stock. The selling stockholder will not bear any portion of the foregoing expenses, but will bear any fees incurred in connection with any sale of the common stock as described herein.

LEGALITY OF SECURITIES

The validity under the Florida Business Corporation Act of the common stock to be sold by the selling stockholder has been passed on for us by Joel Bernstein, Miami, Florida.

EXPERTS

The consolidated financial statements of American Access Technologies, Inc. as of December 31, 2003 and 2002 and for the years then ended have been incorporated by reference herein in reliance upon the report of Rachlin Cohen & Holtz LLP, independent accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

To the extent that Rachlin Cohen & Holtz LLP audits and reports on financial statements of American Access Technologies, Inc. issued at future dates, and consents to the use of its report thereon, such financial statements also will be incorporated by reference herein in reliance upon its report and said authority.

AVAILABLE INFORMATION

We have filed a registration statement on Form S-3 with the SEC to register the sale of the shares of common stock offered by the selling stockholder under the Securities Act of 1933, as amended. This prospectus, which is a part of the registration statement, does not contain all of the information that is in the registration statement. Statements made in this prospectus as to the content of any contract, agreement or other

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document are not necessarily complete. Some contracts, agreements, or other documents are filed as exhibits to the registration statement or to a document incorporated by reference in this prospectus. In those cases, investors should refer to such exhibits for more complete descriptions.

We file annual, quarterly and special reports, proxy and information statements and other information with the SEC. The public may read and copy, at prescribed rates, any materials we file with the SEC, including the registration statement and its exhibits and any documents incorporated by reference into this prospectus, at the SEC's offices at: Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. For information on how to obtain such documents from the SEC, investors may telephone the SEC's Public Reference Room at 1-800-SEC-0330.

The SEC Internet site at <http://www.sec.gov> contains materials that we file with the SEC in electronic version through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. Our Internet site, <http://www.aatk.com>, also contains information about our company. Information on our website is not incorporated by reference into this prospectus.

INFORMATION INCORPORATED BY REFERENCE

We are allowed by the SEC to incorporate by reference information filed with the SEC, which means that we can disclose important information to people by referring them to other documents that we file with the SEC. The information incorporated by reference is considered to be part of this prospectus. We have filed the following documents with the SEC pursuant to the Securities Exchange Act of 1934, as amended, and are incorporating them by reference into this prospectus:

(1) Annual Report on Form 10-KSB for the year ended December 31, 2003;

(2) Current report on Form 8-K filed April 22, 2003;

(3) Current report on Form 8-K filed May 1, 2003;

(4) Current report on Form 8-K filed May 16, 2003;

(5) Current report on Form 8-K filed July 14, 2003;

(6) Current report on Form 8-K filed August 11, 2003;

(7) Current report on Form 8-K filed October 14, 2003;

(8) Current report on Form 8-K filed November 6, 2003;

(9) Current report on Form 8-K filed December 17, 2003;

(10) Current report on Form 8-K filed January 22, 2004;

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- (11) Current report on Form 8-K filed March 18, 2004;
- (12) Current report on Form 8-K filed April 5, 2004;
- (13) Current report on Form 8-K filed May 6, 2004;
- (14) Current report on Form 8-K filed June 7, 2004;
- (15) Quarterly report on Form 10-QSB for the quarter ended March 31, 2004; and
- (16) Current report on Form 8-K filed July 12, 2004;
- (17) The description of our common stock contained in the registration statement on Form 8-A, SEC File Number 000-24575, filed July 6, 1998.

We also incorporate all documents we subsequently file with the SEC pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus and prior to the termination of this offering (except for information furnished under Items 9 or 12 of our current reports on Form 8-K). The information in these documents will update and supersede the information in this prospectus.

We will provide at no cost to each person to whom this prospectus is delivered, including any beneficial owner, upon written or oral request, a copy of any or all of the information that has been incorporated by reference in this prospectus but not delivered with this prospectus. Investors should direct requests to Joseph F. McGuire, American Access Technologies, Inc., 6670 Spring Lake Road, Keystone Heights, FL 32656, telephone (352) 473-6673.

You should rely only on the information contained in this prospectus or incorporated by reference in this prospectus. We have not, and the selling stockholder has not, authorized any other person to provide you with different information. If anyone provides you with any different or inconsistent information, you should not rely on it. We are not, and the selling stockholder is not, offering to sell or soliciting an offer to buy securities in any jurisdiction where the offering, solicitation or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, and prospects may have changed since that date.

AMERICAN ACCESS TECHNOLOGIES, INC.

21,500 SHARES OF COMMON STOCK

PROSPECTUS

July 27, 2004