

**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): **December 23, 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 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

(a) On December 24, 2009, the Audit Committee of our Board of Directors of Koss Corporation (the "Company"), on the recommendation of an independent committee of the Board of Directors and its advisors and management, concluded that our previously issued financial statements on Forms 10-K for the fiscal years ended June 30, 2006, 2007, 2008 and 2009 and on Form 10-Q for the three months ended September 30, 2009 should no longer be relied upon because of the discovery of 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. The Company has discussed the matters disclosed in this filing with its independent accountant. As promptly as possible, the Company plans to restate its financial statements for such periods as further investigation indicates.

A press release with respect to this matter was issued on December 24, 2009. 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On December 23, 2009, the Company terminated Ms. Sujata Sachdeva, the Company's Vice President of Finance and Secretary and Principal Accounting Officer.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 Press Release dated December 24, 2009, announcing non-reliance on previously issued financial statements and termination of VP of Finance

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: December 24, 2009

KOSS CORPORATION

By: */s/ Michael J. Koss*

Michael J. Koss

Chief Executive Officer,

President and Chief Financial Officer

3

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated December 24, 2009, announcing non-reliance on previously issued financial statements and termination of VP of Finance

4

NEWS RELEASE

Koss Corporation
4129 N. Port Washington Ave.
Milwaukee, Wisconsin 53212

CONTACT: Michael J. Koss
President and CEO
414-964-5000
email: mjross@koss.com

*****FOR IMMEDIATE RELEASE*****

Koss Terminates V.P. of Finance and Warns That Financial Statements are Unreliable Since At Least 2006

December 24, 2009 — Milwaukee, Wisconsin: Koss Corporation (NASDAQ SYMBOL:KOSS), the U.S. based high-fidelity stereophone leader, announced that following the discovery of unauthorized financial transactions, Sujata Sachdeva, the Company's Vice President of Finance and Secretary, has been terminated. Ms. Sachdeva served as the Company's Principal Accounting Officer. Also, two members of the Company's accounting staff who served under Ms. Sachdeva were placed on unpaid administrative leave.

The scope of the Company's previously disclosed internal investigation of unauthorized financial transactions has been expanded to include fiscal years since 2006 and to the present. Preliminary estimates indicate that the amount of unauthorized transactions since fiscal year 2006 through the present may exceed \$20 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 2006 fiscal year should no longer be relied upon. The Company plans to restate its financial statements for such periods as further investigation indicates.

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.
