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ADVANTAGE MARKETING SYSTEMS INC/OK

Form 10-K/A

April 29, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-13343

ADVANTAGE MARKETING SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction of
incorporation or organization)

73-1016728
(I.R.S. Employer
Identification No.)

711 N.E. 39th Street
Oklahoma City, Oklahoma
(Address of principal executive offices)

73105
(Zip code)

Registrant's telephone number including area code: (405) 842-0131

Securities registered under Section 12(b) of the Exchange Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$0.0001 Par Value	American Stock Exchange

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$0.0001 Par Value

Indicate by 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 is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 .

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On June 30, 2003, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity was \$5,612,436.

As of April 28, 2004, there were 6,724,356 shares of Common Stock, par value \$0.0001 per share, outstanding.

Documents incorporated by reference: None

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A to the Annual Report on Form 10-K (the "Annual Report") of Advantage Marketing Systems, Inc. filed on March 29, 2004 with the Securities & Exchange Commission is filed solely for the purposes of including the information in Part III to the Annual Report. We originally intended to incorporate our Part III information by reference from our definitive proxy statement pursuant to Regulation 14A of the Securities and Exchange Act of 1934 (the "Exchange Act"). Our Board of Directors recently voted to amend our certificate of incorporation solely to change our name to AMS Health Sciences, Inc. and recommended that our shareholders vote to amend our Certificate of Incorporation. The inclusion of this matter in our proxy statement for our 2004 Annual Meeting of Shareholders requires us to file preliminary proxy material and, as a result, we will be unable to file a definitive proxy statement within 120 days of December 31, 2003 as required by Regulation 14A of the Exchange Act. In addition, pursuant to Rule 13a-14(a) of the Exchange Act, we are including with this Amendment No. 1 certain currently dated certifications.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors

Name ----	Age ---	Position with Us -----
John W. Hail(1)	73	Chairman of the Board, Chief Executive Officer and Director
David D'Arcangelo(1)	48	President and Director
Reggie B. Cook(3)	49	Chief Financial Officer, Secretary, Treasurer and Director
Steven M. Dickey(3)	56	Director
Steven R. Hague(2)	59	Director
M. Thomas Buxton III(1)	54	Director
Harland C. Stonecipher(2)	65	Director

(1) Term as a Director expires in 2004.

(2) Term as a Director expires in 2005.

(3) Term as a Director expires in 2006.

John W. Hail is our founder and has served as our Chief Executive Officer and Chairman of the Board of Directors since our inception in June 1988. During 1987 and through May 1988, Mr. Hail served as Executive Vice President, Director and Agency Director of Pre-Paid Legal Services, Inc., a public company engaged in the sale of legal services contracts, and also served as Chairman of the Board of Directors of TVC Marketing, Inc., the exclusive marketing agent of Pre-Paid Legal Services, Inc. Since 1998, Mr. Hail has served as a Director of

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Pre-Paid Legal Services, Inc. In March 1999, Mr. Hail became a director of DuraSwitch Industries, Inc., a company that develops and distributes electronic switches.

David J. D'Arcangelo has served as our President since November 2002. Before joining us, Mr. D'Arcangelo founded Entreport Corporation, a company that went straight from the business plan, to the startup, to being listed on the American Stock Exchange. Mr. D'Arcangelo is a nationally-known speaker, speaking with such recognized speakers as Zig Ziglar, Tommy Hopkins and Barbara Bush. Mr. D'Arcangelo holds a Bachelor Degree in Economics/Business Administration from the University of Redlands.

Reggie B. Cook has served as Vice President and Chief Financial Officer since November 2000, and as a director since February 2001. From 1994 to 2000, Mr. Cook served as Chief Financial Officer of Sequoyah Fuels Corporation, a subsidiary of a Fortune 500 energy company that manufactured and internationally distributed high-grade energy products. He has 18 years of senior management experience guiding regulated industries that must operate under intense regulatory scrutiny. Mr. Cook received his B.B.A. in Accounting, Management and Finance, and his Masters in Business Administration from the University of Oklahoma.

Steven M. Dickey has served as one of our directors since October 2002. Mr. Dickey has been a practicing attorney in the Oklahoma City area since 1973, and is a principal shareholder in the firm of Dickey and Dickey Attorneys.

Steven R. Hague has served as one of our directors since January 2003. Mr. Hague has been a partner at One Source Advisors in Oklahoma City since 1999. One Source Advisors is a management and actuarial consulting firm that provides services related to product development; merger, acquisition and venture development; bank insurance development and analysis; operational performance analysis and financial reporting and forecasting. Previously, Mr. Hague was Chief Executive Officer of American Southwest Holding Company from 1998 to 1999, and President and Chief Executive Officer of Bankers Protective Life Insurance Company from 1993 to 1997. Mr. Hague also serves as a director and a member of the Compensation Committee of Pre-Paid Legal Services, Inc. Mr. Hague holds a Bachelor of Science degree from West Virginia University.

M. Thomas Buxton III has served as one of our directors since June 2001. Mr. Buxton has practiced as a CPA in the Oklahoma City area and has been a shareholder in Buxton and Cloud, CPA's since 1982. Mr. Buxton is a retired lieutenant colonel in the United States Army Reserve.

Harland C. Stonecipher has served as one of our directors since August 1995. Mr. Stonecipher has been Chairman of the Board and Chief Executive Officer of Pre-Paid Legal Services, Inc. since its inception in 1972.

Executive Officers

Name ----	Age ---	Position with Us -----
David J. D'Arcangelo.....	48	President
Dennis P. Loney(1).....	49	Chief Operations Officer
Reggie B. Cook.....	49	Chief Financial Officer, Secretary and Treasurer

(1) Mr. Loney is the son-in-law of Mr. Hail.

David J. D'Arcangelo is listed above in our directors' information.

Dennis P. Loney is Chief Operations Officer. Mr. Loney has served in this

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capacity since July 1995. Prior to his current position, Mr. Loney served as the Vice President of Administration of TVC Marketing, Inc. Mr. Loney brings over 20 years of business and 14 years of network marketing experience.

Reggie B. Cook is listed above in our directors' information.

Audit Committee

Our Audit Committee is composed of M. Thomas Buxton III, Steven M. Dickey and Steven R. Hague, all of which are non-employee directors and all of which are independent as defined in Section 121 (A) of the American Stock Exchange listing standards. The Audit Committee annually considers the qualifications of our independent auditor and makes recommendations to the Board on the engagement of the independent auditor. The Audit Committee meets with representatives of the independent auditor and is available to meet at the request of the independent auditor. During these meetings, the Audit Committee receives reports regarding our books of accounts, accounting procedures, financial statements, audit policies and procedures, internal accounting and financial controls, and other matters within the scope of the Audit Committee's duties. The Audit Committee reviews the plans for and results of audits for us and our subsidiaries. The Audit Committee reviews and approves the independence of the independent auditor, and considers and authorizes the fees for both audit and nonaudit services of the independent auditor.

Audit Committee Financial Expert

The Board of Directors has determined that Mr. Buxton is a financial expert as defined in Item 401(h) (2) of Regulation S-K. An audit committee financial expert has the following attributes:

- o An understanding of generally accepted accounting principles and financial statements;
- o The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- o Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues comparable to the breadth and complexity of accounting issues reasonably expected to be raised by our financial statements;
- o An understanding of internal control over financial reporting; and
- o An understanding of audit committee functions.

Mr. Buxton has practiced as a Certified Public Accountant in the State of Oklahoma since 1982. In addition, he was previously the Chief Financial Officer for a holding company. As such, Mr. Buxton possesses the attributes necessary to qualify as an audit committee financial expert.

Mr. Buxton's determination as an audit committee financial expert does not:

- o Deem Mr. Buxton an expert for any other purpose;
- o Impose on Mr. Buxton any duties, obligations or liability that are greater than the duties, obligations or liability imposed on other Audit Committee members; nor
- o Affect the duties, obligations or liability of any other member of the Audit Committee or the Board of Directors.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers, and persons who beneficially own more than 10% of our common stock to file certain reports with the Securities and Exchange Commission concerning their beneficial ownership of our equity securities. The SEC's regulations also require that a copy of all such Section 16(a) forms filed must be furnished to us by the executive officers, directors, and greater than 10% shareholders. To our knowledge, based solely on a review of the copies of such forms and amendments thereto received by us with respect to 2003, all Section 16(a) filing requirements were met, although some were untimely. The following persons failed to report one or more transactions (as denoted in parenthesis) in a timely manner: M. Thomas Buxton III (5); Reggie Cook (1); David D'Arcangelo (1); Steven M. Dickey (5); Steve Hague (4); John Hail (1); Dennis Loney (2); and Harland Stonecipher (4).

Code of Ethics

We have adopted the Advantage Marketing Systems Code of Ethics for our employees, officers and directors. Our Code of Ethics is publicly available on our website at www.amsonline.com. If we make any substantive amendments to our Code of Ethics or grant any waiver, including any implicit waiver, from a provision of this Code to our executive officers, we will disclose the nature of such amendment or waiver on our website.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

Our Executive Officers. The following Summary Compensation Table sets forth certain information relating to compensation for services rendered during the years ended December 31, 2003, 2002 and 2001, paid to or accrued for John W. Hail, our Chief Executive Officer, and each of our executive officers whose 2003 salary and bonus exceed \$100,000.

Name and Principal Position	Year	Annual Compensation
		----- Salary