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## EDGAR Submission Header Summary

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Submission Type	10-K/A
Live File	on
Return Copy	on
Submission Contact	filingdesk@seconnect.com
Submission Contact Phone Number	619-795-1034
Exchange	NONE
Confirming Copy	off
Filer CIK	0000941685
Filer CCC	xxxxxxxx
Period of Report	12/31/14
Smaller Reporting Company	off
Shell Company	No
Voluntary Filer	No
Well-Known Seasoned Issuer	No
Notify via Filing website Only	off

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### Documents

10-K/A	iwsy10ka_dec312014.htm
	Form 10-K/A
EX-31.1	ex31-1.htm
EX-31.2	ex31-2.htm
EX-32.1	ex32-1.htm

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### Module and Segment References

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

FORM 10-K/A

(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, 2014

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 001-15757

**IMAGEWARE SYSTEMS INCORPORATED**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**33-0224167**  
(I.R.S. Employer  
Identification No.)

**10815 Rancho Bernardo Road, Suite 310,  
San Diego, CA 92127**

(Address of principal executive offices)

**(858) 673-8600**

(Registrant's Telephone Number, Including Area Code)

**Securities registered pursuant to Section 12(b) of the Act: Common Stock, par value \$0.01 per share**

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

(Do not check if smaller reporting company)

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, as reported on the OTCQB marketplace was \$87,655,831. This number excludes shares of common stock held by affiliates, executive officers and directors.

As of April 20, 2015, there were 93,515,065 shares of the registrant's common stock outstanding.

#### EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the “*Amendment*”) amends the Annual Report on Form 10-K of ImageWare Systems, Inc. (the “*Company*”, “*our*” or “*we*”) for the year ended December 31, 2014, originally filed with the Securities and Exchange Commission (“*SEC*”) on March 16, 2015 (the “*Original Filing*”). The sole purpose of this Amendment is to include information previously omitted from Items 10, 11, 12, 13, and 14 of Part III of the Original Filing, in reliance on General Instruction G(3) to Form 10-K, which provides that registrants may incorporate by reference certain information from a definitive proxy statement filed with the SEC within 120 days after fiscal year end.

In addition, as required by Rule 12b-15 under the Securities and Exchange Act of 1934, as amended (the “*Exchange Act*”), new certifications by our principal executive officer and principal financial officer are filed as exhibits to this Amendment under Item 15 of Part IV hereof.

For purposes of this Amendment, and in accordance with Rule 12b-15 under the Exchange Act, Items 10 through 14 and the exhibit list of the Original Filing have been amended and restated in their entirety.

Except as stated herein, this Amendment does not reflect events occurring after the filing of the Original Filing and no attempt has been made in this Amendment to modify or update other disclosures as presented in the Original Filing.

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IMAGEWARE SYSTEMS, INC.  
ANNUAL REPORT ON FORM 10-K/A  
TABLE OF CONTENTS

	<b>Page Number</b>
<b>PART III</b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	1
<a href="#">Item 11. Executive Compensation</a>	4
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	11
<a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>	14
<a href="#">Item 14. Principal Accounting Fees and Services</a>	15
<b>PART IV</b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	16
<a href="#">Signatures</a>	
<a href="#">Index to Exhibits</a>	

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Board of Directors and executive officers consist of the persons named in the table below. Each director serves for a one year term, until his or her successor is elected and qualified, or until earlier resignation or removal. The bylaws provide that the number of directors shall not be less than four, but no more than seven. The directors and executive officers are as follows:

<b>Name</b>	<b>Age</b>	<b>Principal Occupation/Position Held With the Company</b>
Mr. S. James Miller, Jr.	61	Chief Executive Officer and Chairman of the Board of Directors
Mr. Wayne Wetherell	62	Sr. Vice President, Chief Financial Officer, Secretary and Treasurer
Mr. David Harding	45	Vice President, Chief Technical Officer
Mr. Jeff Harris	50	Sr. Vice President of Sales and Marketing
Mr. David Carey	70	Director
Mr. Guy Steve Hamm	67	Director
Mr. David Loesch	70	Director
Mr. John Cronin	60	Director
Mr. Neal Goldman	70	Director
Mr. Charles Crocker	76	Director

**S. James Miller, Jr.** has served as our Chief Executive Officer since 1990 and Chairman of the Board since 1996. He also served as our President from 1990 until 2003. From 1980 to 1990, Mr. Miller was an executive with Oak Industries, Inc., a manufacturer of components for the telecommunications industry. While at Oak Industries, Mr. Miller served as a director and as Senior Vice President, General Counsel, Corporate Secretary and Chairman/President of Oak Industries' Pacific Rim subsidiaries. He has a J.D. from the University of San Diego School of Law and a B.A. from the University of California, San Diego.

The Nominating and Corporate Governance Committee believes that Mr. Miller possesses substantial managerial expertise leading the Company through its various stages of development and growth, beginning in 1990 when Mr. Miller joined the Company as President and Chief Executive Officer, and that such expertise is extremely valuable to the Board of Directors and the Company as it executes its business plan. In addition, the Board of Directors values the input provided by Mr. Miller given his legal experience.

**Wayne Wetherell** has served as our Senior Vice President, Administration and Chief Financial Officer since May 2001 and additionally as our Secretary and Treasurer since October 2005. From 1996 to May 2001, he served as Vice President of Finance and Chief Financial Officer. From 1991 to 1996, Mr. Wetherell was the Vice President and Chief Financial Officer of Bilstein Corporation of America, a manufacturer and distributor of automotive parts. Mr. Wetherell holds a B.S. degree in Management and a M.S. degree in Finance from San Diego State University.

**David Harding.** Mr. Harding has served as our Vice President and Chief Technology Officer since January 2006. Before joining us, Mr. Harding was the Chief Technology Officer at IC Solutions, Inc., where he was responsible for all technology departments including the development and management of software development, IT and quality assurance, as well as their respective hardware, software and human resource budgets from 2001 to 2003. He was the Chief Technology Officer at Thirsty.com from 1999 to 2000, the Chief Technology Officer at Fulcrum Point Technologies, Inc., from 1996 to 1999, and consultant to Access360, which is now part of IBM/Tivoli, from 1995 to 1996.

**Jeff Harris.** Mr. Harris has served as our Senior Vice President of Sales and Marketing since December 2014. Prior to joining the Company, Mr. Harris served as a senior marketing consultant to Cisco and Checkpoint Systems, and, from 2006 to 2013, he served as the vice-president of sales and marketing for TrellisWare Technologies where he launched a highly successful mobile and networking products. Prior to TrellisWare, Harris held various senior roles for organizations in the Ultra Wideband marketplace, and lead advanced development and sales teams at Lockheed Martin and UUNet. Mr. Harris holds a B.S. and M.S. in electrical and computer engineering from George Mason University.

**David Carey** was appointed to the Board in February 2006. Mr. Carey is a former Executive Director of the Central Intelligence Agency. Mr. Carey currently is the Chairman of Proxy Boards for DRS Technologies, a Finmeccanica s.p.a company, and OnPoint Consulting, and is a member of the Proxy Board of Qinetiq North America. Mr. Carey also serves on a number of Advisory Boards, including the Advisory Board of Raytheon TCS (Trusted Computer Solutions). Mr. Carey also consults with companies both independently and as an affiliate of both the Command Consulting Group and D4 Consulting. From April 2005 to August of 2008, Mr. Carey served as Executive Director for Blackbird Technologies, which provides state-of-the-art IT security expertise, where he assists the company with business development and strategic planning. Prior to joining Blackbird Technologies, Mr. Carey was Vice President, Information Assurance for Oracle Corporation from September 2001 to April 2005. In addition, Mr. Carey worked for the CIA for 32 years until 2001. During his career at the CIA, Mr. Carey held several senior positions including that of Executive Director, often referred to as the Chief Operating Officer, or No. 3 person in the agency, from 1997 to 2001. Before assuming that position, Mr. Carey was Director of the DCI Crime and Narcotics Center, the Director of the Office of Near Eastern and South Asian Analysis, and Deputy Director of the Office of Global Issues. Mr. Carey is a graduate of Cornell University and the University of Delaware.

The Nominating and Corporate Governance Committee believes that Mr. Carey's experience as a former Executive Director of the CIA, his experience dealing with IT security matters, and the extensive contacts gained over his career working within the intelligence and security community, provide the Board with specialized expertise that assists the Company in the specific industries in which it operates.

**Guy Steve Hamm** was appointed to the Board in October 2004. Mr. Hamm served as CFO of Aspen Holding, a privately held insurance provider, from December 2005 to February 2007. In 2003, Mr. Hamm retired from PricewaterhouseCoopers, where he was a national partner-in-charge of middle market. Mr. Hamm was instrumental in growing the Audit Business Advisory Services (ABAS) Middle Market practice at PricewaterhouseCoopers, where he was responsible for \$300 million in revenue and more than 100 partners. Mr. Hamm is a graduate of San Diego State University.

The Nominating and Corporate Governance Committee believes that Mr. Hamm's experience in public accounting, together with his management experience as a Chief Financial Officer, provide the Audit Committee of the Board with the expertise needed to oversee the Company's finance and accounting professionals, and the Company's independent public accountants.

**David Loesch** was appointed to the Board in September 2001 after 29 years of service as a Special Agent with the Federal Bureau of Investigations ("FBI"). At the time of his retirement from the FBI, Mr. Loesch was the Assistant Director in Charge of the Criminal Justice Information Services Division of the FBI. Mr. Loesch was awarded the Presidential Rank Award for Meritorious Executive in 1998 and has served on the board of directors of the Special Agents Mutual Benefit Association since 1996. He is also a member of the International Association of Chiefs of Police and the Society of Former Special Agents of the FBI, Inc. In 1999, Mr. Loesch was appointed by former Attorney General Janet Reno to serve as one of 15 original members of the Compact Council, an organization charged with promulgating rules and procedures governing the use of and exchange of criminal history records for non-criminal justice use. Mr. Loesch served in the United States Army as an Officer with the 101st Airborne Division in Vietnam. He holds a Bachelor's degree from Canisius College and a Master's degree in Criminal Justice from George Washington University. Mr. Loesch continues to work as a private consultant on criminal justice information sharing and the use of biometrics to help identify criminals and individuals of special concern.

The Nominating and Corporate Governance Committee believes that Mr. Loesch's extensive service as a Special Agent with the FBI, together with his knowledge of security issues relevant to the Company's products and markets, provides the Company and the Board of Directors with relevant input regarding the industries in which the Company competes, and the markets served by the Company.

**John Cronin** was appointed to the Board in February 2012. Mr. Cronin is currently Managing Director and Chairman of ipCapital Group, Inc. ("ipCG"), an intellectual property consulting firm Mr. Cronin founded in 1998. During his time with ipCG, Mr. Cronin created both a unique ipCapital System® Methodology for consulting, as well as a world-class licensing and transaction process, and worked with over 700 companies, including more than 10% of the Fortune 500. Prior to forming ipCG, Mr. Cronin spent over 17 years at IBM and became its top inventor with over 100 patents and 150 patent publications. He created and ran the IBM Patent Factory, which was essential in helping IBM become number one in US patents, and the team that contributed to the startup and success of IBM's licensing program. Additionally, Mr. Cronin serves as a member of the Board of Directors at Vermont Electric Power Company ("VELCO"), Armor Designs, Inc., Document Security Systems, and Primal Fusion, Inc. and GraphOn and as a member of the advisory board for innoPad, Inc. He holds a B.S. and a M.S. in electrical engineering, and a B.A. degree in Psychology from the University of Vermont.

The Nominating and Corporate Governance Committee believes that Mr. Cronin's experience developing and extracting the value from intellectual property, and his experience serving on, and advising, boards of directors, will contribute to deliberations of our Board of Directors, and assist the Company as it capitalizes on the opportunities presented by its portfolio of intellectual property assets.

**Neal Goldman** was appointed to the Board in August 2012. Mr. Goldman is currently president, chief compliance officer and a director of Goldman Capital Management, Inc., an employee owned investment advisor that he founded in 1985. Additionally, Mr. Goldman is a member of the CFA institute and is Executive Chairman of Charles and Colvard, LTD, a specialty jewelry company. Mr. Goldman also served as a member of the Board of Directors and Compensation Committee for Blyth, Inc., a New York Stock Exchange-listed designer and marketer of home decorative and fragrance products.

Mr. Goldman is the Company's largest shareholder, and has significant investment experience. As a result, the Nominating and Corporate Governance Committee believes that Mr. Goldman can provide valuable guidance to the Board of Directors as it seeks to build shareholder value.

**Charles Crocker** was appointed to the Board in September 2012. Mr. Crocker currently serves as Chairman and CEO of Crocker Capital, a private investment company. Mr. Crocker also serves as a director of Franklin Resources, Inc., Teledyne Technologies, Inc., Fiduciary Trust International, Bailard, Inc. and Mercator MedSystems. Franklin Resources, Inc. and Teledyne Technologies, Inc. are both publically traded companies. Beyond his corporate duties, Mr. Crocker serves as a Trustee of the Mary A. Crocker Trust, the Cypress Lawn Cemetery Association and the Fine Arts Museums Foundation of San Francisco. Mr. Crocker received his B.S. degree from Stanford University and M.B.A. from the University of California, Berkeley.

The Nominating and Corporate Governance Committee believes that Mr. Crocker's significant experience serving on boards of directors, together with his investment experience, assists the Company's Board of Directors in its deliberations and contributes to the governance of the Board.

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

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2014, all Section 16(a) filing requirements were complied with in a timely manner.

#### **Code of Ethics**

The Company has adopted a *Code of Business Conduct and Ethics* policy that applies to our directors and employees (including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions). The Company intends to promptly disclose (i) the nature of any amendment to this code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of this code of ethics that is granted to one of these specified individuals, the name of such person who is granted the waiver and the date of the waiver on our website in the future. A copy of our Code of Business Conduct and Ethics can be obtained from our website at <http://www.iwsinc.com>.

#### **Committees of the Board of Directors**

Our Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which has the composition and responsibilities described below.

##### *Audit Committee*

The Audit Committee provides assistance to the Board of Directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. The Audit Committee also oversees the audit efforts of our independent accountants and takes those actions as it deems necessary to satisfy it that the accountants are independent of management. The Audit Committee currently consists of Messrs. Hamm (Chairman), Carey and Loesch, each of whom is a non-management member of our Board of Directors. Mr. Hamm is also our Audit Committee financial expert, as currently defined under current SEC rules. The Audit Committee met five times during the year ended December 31, 2014. We believe that the composition of our Audit Committee meets the criteria for independence under, and the functioning of our Audit Committee complies with the applicable NASDAQ Stock Market Rules and SEC rules and regulations.

##### *Compensation Committee*

The Compensation Committee determines our general compensation policies and the compensation provided to our directors and officers. The Compensation Committee also reviews and determines bonuses for our officers and other employees. In addition, the Compensation Committee reviews and determines equity-based compensation for our directors, officers, employees and consultants and administers our stock option plans. The Compensation Committee currently consists of Messrs. Carey (Chairman), Cronin and Goldman, each of whom is a non-management member of our Board of Directors. The Compensation Committee met two times during the year ended December 31, 2014. Although Mr. Carey meets the criteria for independence under the applicable NASDAQ Stock Market Rules and SEC rules and regulations, Messrs. Goldman and Cronin are not considered independent under such requirements.

##### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors regarding candidates for directorships and the size and composition of the Board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board concerning corporate governance matters. The Nominating and Corporate Governance Committee currently consists of all the nonemployee members of the Board. The Nominating and Corporate Governance Committee met four times during the year ended December 31, 2014. We believe that the composition of our Nominating and Corporate Governance Committee meets the criteria for independence under, and the functioning of our Nominating and Corporate Governance Committee complies with the applicable NASDAQ Stock Market Rules and SEC rules and regulations.

## **Director Independence**

Our Board of Directors has determined that all of its members, other than Mr. Miller, who serves as the Company's Chief Executive Officer, Mr. Goldman, who beneficially owns approximately 36% of the Company's common stock, and Mr. Cronin, who is affiliated with a company that is a party to a series of professional service contracts with the Company, which was paid \$180,000 during the year ended December 31, 2012, are "independent" within the meaning of the NASDAQ Stock Market Rules and SEC rules regarding independence.

## **Indemnification of Officers and Directors**

As permitted by Delaware law, the Company will indemnify its directors and officers against expenses and liabilities they incur to defend, settle, or satisfy any civil or criminal action brought against them on account of their being or having been Company directors or officers unless, in any such action, they are adjudged to have acted with gross negligence or willful misconduct.

## **ITEM 11. EXECUTIVE COMPENSATION**

### **Executive Compensation Discussion and Analysis**

#### *Overview of Compensation Program*

The Compensation Committee of our Board of Directors has responsibility for establishing, implementing and monitoring adherence to our compensation philosophy. The Board of Directors has delegated to the Compensation Committee the responsibility for determining our compensation policies and procedures for senior management, including the named executive officers, periodically reviewing these policies and procedures, and making recommendations concerning executive compensation to be considered by the full board of directors, when such approval is required under any of our plans or policies or by applicable laws. The Compensation Committee also has the principal responsibility for the administration of our stock plans, including the approval of stock option grants to the named executive officers.

The compensation received by our named executive officers in fiscal year 2014 is set forth in the Summary Compensation Table, below. For 2014, the named executive officers included: (i) S. James Miller, Jr., Chairman of the Board of Directors and Chief Executive Officer; (ii) Wayne Wetherell, Senior Vice President, Chief Financial Officer, Secretary and Treasurer; (iii) Jeff Harris, Senior Vice-President of Sales and Marketing; and (iv) David Harding, Vice-President and Chief Technical Officer.

#### *Compensation Philosophy*

In general, our executive compensation policies are designed to recruit, retain and motivate qualified executives by providing them with a competitive total compensation package based in large part on the executive's contribution to our financial and operational success, the executive's personal performance and increases in stockholder value as measured by the price of our common stock. We believe that the total compensation paid to our executives should be fair, reasonable and competitive.

We seek to have a balanced approach to executive compensation with each primary element of compensation (base salary, variable compensation and equity incentives) designed to play a specific role. Overall, we design our compensation programs to allow for the recruitment, retention and motivation of the key executives and high-level talent required in order for us to:

- achieve or exceed our annual financial plan and be profitable;
- make continuous progression towards achieving our long-term strategic objectives to be a high-growth company with growing profitability; and
- increase our share price to provide greater value to our stockholders.

#### *Role of Executive Officers in Compensation Decisions*

The Compensation Committee considers action on executive compensation annually. They discuss their proposed actions with the Chief Executive Officer and make recommendations for any changes to the Company's Board of Directors. Only the Compensation Committee and the Board of Directors are authorized to approve the compensation for any named executive officer. Since our CEO is also a member of our Board of Directors, he does not participate in any conversation or approvals related to his compensation. Compensation of new executives is based on hiring negotiations between the individuals and our CEO and/or Compensation Committee.

### *Elements of Compensation*

Consistent with our compensation philosophy and objectives, we offer executive compensation packages consisting of the following three components:

- base salary;
- annual incentive compensation (in the form of bonuses or otherwise);
- equity awards pursuant to the terms and conditions of the 1999 Plan;

In each fiscal year, the Compensation Committee determines the amount and relative weighting of each component for all executives, including the named executive officers. Base salaries are paid in fixed amounts and thus do not encourage risk taking. For 2014, we had no incentive bonus programs.

Our widespread use of long-term compensation consisting of stock options issued focuses recipients on the achievement of our longer-term goals. For example, the stock options granted to our executives in 2014 will not begin vesting until 2015, and will vest in increments over two years and until the option fully vests in 2017. The Compensation Committee believes that these awards do not encourage unnecessary or excessive risk taking because the ultimate value of the awards is tied to our stock price, and the use of multi-year vesting schedules help to align our employees' interests even more closely with those of our long-term investors.

### *Base Salary*

Because our compensation philosophy stresses performance-based awards, base salary is intended to be a smaller portion of total executive compensation relative to long-term equity. Therefore, we target executive base salary at the median level of the compensation guidelines that have been approved by the Compensation Committee. In addition, the Compensation Committee takes into account the executive's scope of responsibility and significance to the execution of our long-term strategy, past accomplishments, experience and personal performance and compares each executive's base salary with those of the other members of senior management. The Compensation Committee may give different weighting to each of these factors for each executive, as it deems appropriate. The Compensation Committee did not retain a compensation consultant or determine a compensation peer group for 2014. In 2014, there were no changes to the base salaries paid to our named executive officers other than an annual cost of living increase for Mr. Miller per his employment agreement.

### *Annual Incentive Compensation*

The Compensation Committee did not adopt an executive bonus plan for 2014 because the Compensation Committee believed that such a plan should be based on pre-tax profit and none was projected. To date, the Compensation Committee has not adopted an executive bonus plan for 2015 as the Company does not expect to be profitable in 2014. As soon as we achieve profitability on a pre-tax basis, the Compensation Committee intends to implement a bonus plan for our executives.

### *Equity Awards*

Although we do not have a mandated policy regarding the ownership of shares of common stock by officers and directors, we believe that granting equity awards to executives and other key employees on an ongoing basis gives them a strong incentive to maximize stockholder value and aligns their interests with those of our other stockholders on a long-term basis. Our 1999 Plan enables us to grant equity awards, as well as other types of stock-based compensation, to our executive officers and other employees. Under authority delegated to it by the board of directors, the Compensation Committee reviews and approves all equity awards granted to named executive officers under the 1999 Plan. Typically, the options granted upon the executive's hire vest over three years with a third vesting on the one-year anniversary, and the remainder vesting quarterly over the next eight quarters. The options granted to executives in connection with an annual performance review typically begin vesting on the one-year anniversary of the grant date, and vest ratably over the following eight quarters. Our general policy is to grant the options with an exercise price equal to fair market value, which currently is the closing price of our common stock, as reported by the OTCQB, on the grant date.

We intend to grant equity awards to achieve retention and motivation:

- upon the hiring of key executives and other personnel;
- annually, when we review progress against corporate and personal goals; and
- when we believe that competitive forces or economic conditions threaten to cause our key executives to lose their motivation and/or where retention of these key executives is in jeopardy.

With the Compensation Committee's approval, we grant options to purchase shares of common stock when we initially hire executives and other employees, as a long-term performance incentive. The Compensation Committee has determined the size of the initial option grants to newly hired executives with reference to existing guidelines and hiring negotiations with the individual, in addition to other relevant information regarding the size and type of compensation package considered necessary to enable us to recruit, retain and motivate the executive.

Historically, no employee was eligible for an annual performance grant until the employee had worked for us for at least six months. The Compensation Committee reviews the CEO's and other executives' performance and determines whether they should be granted an option to purchase additional shares. Aside from stock award grants in connection with annual performance reviews, we do not have a policy of granting additional awards to executives and, consequently, the board of directors and the Compensation Committee has not adopted a policy with respect to granting awards in coordination with the release of material non-public information.

In determining the size of equity awards the Compensation Committee takes into account the executive's current position with and responsibilities to us. In December 2014, the Compensation Committee approved an option grant for 50,000 shares to Mr. Miller, as a result of the review by our board of directors (absent Mr. Miller's participation) of Mr. Miller's annual performance and its annual review of compensation of our other executives. The amount of the grant was determined by considering Mr. Miller's previous option grants and current options outstanding, as well as the size of grants made to other executives. With the exception of the stock options granted to Mr. Harding, the grant to Mr. Miller was larger than any grant to other executives because of his responsibilities as CEO.

In December 2014, the Compensation Committee approved an option grant of 10,000 shares to Mr. Wetherell and an option grant of 50,000 shares to Mr. Harding. As Mr. Harris joined the Company in December 2014, Mr. Harris was not subject to an annual performance review.

Only the Board of Directors or the Compensation Committee may approve options or other equity-based compensation to our executives. However, the Board of Directors has authorized the CEO to approve option grants to non-executive employees. All such grants must be consistent with equity incentive guidelines approved by the Compensation Committee. The exercise price for such grants must be equal to the closing price of a share of the common stock as reported by the OTCQB on the date of grant.

Going forward, we intend to continue to evaluate and consider equity grants to our executives on an annual basis. We expect to consider potential equity awards for executives at the same time as we annually review our employees' performance and determine whether to award grants for all employees.

#### *Accounting and Tax Considerations*

Our Compensation Committee has reviewed the impact of tax and accounting treatment on the various components of our executive compensation program. Section 162(m) of the Internal Revenue Code (the "Code") generally disallows a tax deduction to publicly-held companies for compensation paid to "covered" executive officers, to the extent that compensation paid to such an officer exceeds \$1 million during the taxable year. We endeavor to award compensation that will be deductible for income tax purposes, though other factors will also be considered. Our Compensation Committee may authorize compensation payments that do not comply with the exemptions to Section 162(m) when we believe that such payments are appropriate to attract and retain executive talent.

#### *Say-on-Pay*

Our stockholders have not yet had the opportunity to provide feedback on our executive compensation through an advisory vote, as we have not held an annual meeting stockholders since 2011, at which time we were not required to hold a 'Say-on-Pay' vote as we followed the disclosure guidelines of a Smaller Reporting Company.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis provisions to be included in this Annual Report on Form 10-K for the year ended December 31, 2014. Based on this review and discussion, the Compensation Committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this in our Annual Report on Form 10-K for the year ended December 31, 2014.

The Compensation Committee of the Board of Directors:

David Carey (Chairman)  
John Cronin  
Neal Goldman

**Summary Compensation Table**

The following table sets forth certain information about the compensation paid or accrued during the years ended December 31, 2014, 2013 and 2012 to our Chief Executive Officer and the Company's three most highly compensated executive officers other than our Chief Executive Officer who were serving as executive officers at December 31, 2014, 2013 and 2012, and whose annual compensation exceeded \$100,000 during such year or would have exceeded \$100,000 during such year if the executive officer were employed by the Company for the entire fiscal year (collectively the "Named Executive Officers").

Name and Principal Position	Year	Salary	Stock Awards	Option Awards (1)(2)(3)	All Other Compensation	Total
S. James Miller, Jr. <i>Chairman of the Board and Chief Executive Officer</i>	2014	\$ 356,699	\$ -	\$ 189,385	\$ 21,310 <sup>(4)</sup>	\$ 567,394
	2013	\$ 358,857	\$ -	\$ 212,906	\$ 18,191	\$ 589,954
	2012	\$ 352,915	\$ -	\$ 211,019	\$ 16,474	\$ 580,408
Wayne G. Wetherell <i>Senior Vice President Chief Financial Officer, Secretary, and Treasurer</i>	2014	\$ 207,333	\$ -	\$ 32,114	\$ 13,534 <sup>(5)</sup>	\$ 252,981
	2013	\$ 211,320	\$ -	\$ 25,277	\$ 12,100	\$ 248,697
	2012	\$ 211,146	\$ -	\$ 45,585	\$ 11,575	\$ 268,306
David Harding <i>Vice President and Chief Technical Officer</i>	2014	\$ 230,000	\$ -	\$ 146,087	\$ 3,757	\$ 379,844
	2013	\$ 230,160	\$ -	\$ 105,044	\$ -	\$ 335,204
	2012	\$ 227,257	\$ -	\$ 114,826	\$ -	\$ 342,083

(1) All option awards were granted under the 1999 Stock Award Plan (the "1999 Plan").

(2) The amounts presented in this column do not reflect the cash value or realizable value of option grants to the named executive officers during the year ended December 31, 2014. During the year ended December 31, 2014, no named executive officer exercised an option and therefore no value was realized during the reporting period. The amounts reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2014, in accordance with the provisions of ASC 718 and thus may include amounts from awards granted prior to 2014. We have elected to use the Black-Scholes option-pricing model, which incorporates various assumptions including volatility, expected life, and interest rates. We are required to make various assumptions in the application of the Black-Scholes option-pricing model and have determined that the best measure of expected volatility is based on the historical weekly volatility of our common stock. Historical volatility factors utilized in our Black-Scholes computations range from 71% to 103%. We have elected to estimate the expected life of an award based upon the SEC approved "simplified method" noted under the provisions of Staff Accounting Bulletin No. 110. The expected term used by the Company during the years ended December 31, 2014 and 2013 was 5.9 years. The difference between the actual historical expected life and the simplified method was immaterial. The interest rate used is the risk free interest rate and is based upon U.S. Treasury rates appropriate for the expected term. Interest rates used in the Company's Black-Scholes calculations for the years ended December 31, 2014 and 2013 was 2.6%. Dividend yield is zero, as we do not expect to declare any dividends on our common shares in the foreseeable future. In addition to the key assumptions used in the Black-Scholes model, the estimated forfeiture rate at the time of valuation is a critical assumption. We have estimated an annualized forfeiture rate of 0% for corporate officers, 4.1% for members of the Board of Directors and 6.0% for all other employees. We review the expected forfeiture rate annually to determine if that percent is still reasonable based on historical experience.

(3) The amounts reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2014, 2013 and 2012, in accordance with the provisions of ASC 718 and thus may include amounts from awards granted prior to 2014, 2013 and 2012. Assumptions used in the calculation of these amounts are included in Note 2 of the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

(4) This amount includes premiums on life insurance and disability insurance of \$8,912, matching 401(k) contributions of \$10,400, and other perquisites of \$1,998..

(5) This amount includes premiums on life insurance and disability insurance of \$3,146, matching 401(k) contributions of \$8,390, and other perquisites of \$1,998.

**Grants of Plan Based Awards**

The following table provides information on plan-based awards granted in 2014 to each of the Named Executive Officers:

	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Share) <sup>(1)</sup>	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(2)</sup>
S. James Miller, Jr.	12/15/2014	50,000	2.29	\$ 189,385
Wayne G. Wetherell	12/15/2014	10,000	2.29	\$ 32,114
David Harding	12/15/2014	50,000	2.29	\$ 8,925

(1) Each option was granted at an exercise price equal to the fair market value of our common stock on the grant date which was equal to the closing price of a share of our common stock, as reported by the OTCQB, on the date of grant.

(2) The amounts reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2014, in accordance with the provisions of ASC 718 and thus may include amounts from awards granted prior to 2014. Assumptions used in the calculation of these amounts are included in Note 2 of the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information regarding unexercised options, stock that has not vested and equity incentive awards held by each of the Named Executive Officers outstanding as of December 31, 2014:

Name	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options: Exercisable (#)	Number of Securities Underlying Unexercised Options: Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares That Have Not Vested (#)	Market Value of Shares That Have Not Vested (\$)
S. James Miller, Jr.	100,000	-	\$ 0.20	1/27/2019	-	\$ -
	183,000	-	\$ 0.73	1/29/2020	-	\$ -
	225,000	-	\$ 1.11	3/10/2021	-	\$ -
	412,500	37,500	\$ 0.92	2/2/2022	-	\$ -
	58,375	41,625	\$ 0.93	2/8/2023	-	\$ -
	33,400	66,600	\$ 1.93	10/29/2023	-	\$ -
	-	50,000	\$ 2.29	12/15/2024	-	\$ -
Wayne G. Wetherell	60,000	-	\$ 0.20	1/27/2019	-	\$ -
	60,000	-	\$ 0.73	1/29/2020	-	\$ -
	91,675	8,325	\$ 0.92	2/2/2022	-	\$ -
	3,336	6,664	\$ 1.93		-	\$ -
	-	10,000	\$ 2.29	12/15/2024	-	\$ -
David Harding	50,000	-	\$ 0.20	1/27/2019	-	\$ -
	80,000	-	\$ 0.73	1/29/2020	-	\$ -
	297,917	27,083	\$ 0.92	2/2/2022	-	\$ -
	58,375	41,625	\$ 0.93	2/8/2023	-	\$ -
	25,000	50,000	\$ 1.93	10/29/2023	-	\$ -
	-	50,000	\$ 2.29	12/15/2024	-	\$ -

**Employment Agreements**

*S. James Miller, Jr.* On October 1, 2005, we entered into an employment agreement with Mr. Miller pursuant to which Mr. Miller serves as President and Chief Executive Officer, which agreement is currently set to expire on December 31, 2015. Historically, Mr. Miller's employment agreement has been amended annually to extend the expiration date. The agreement provides for annual base compensation in the amount of \$291,048, which amount, as a result of cost-of-living adjustments, has increased to \$356,699. Under this agreement, we will reimburse Mr. Miller for reasonable expenses incurred in connection with our business. Under the terms of the agreement, Mr. Miller will be entitled to the following severance benefits if we terminate his employment without cause or in the event of an involuntary termination: (i) a lump sum cash payment equal to twenty-four months base salary; (ii) continuation of Mr. Miller's fringe benefits and medical insurance for a period of three years; and (iii) immediate vesting of 50% of Mr. Miller's outstanding stock options and restricted stock awards. In the event that Mr. Miller's employment is terminated within six months prior to or thirteen months following a change of control (defined below), Mr. Miller is entitled to the severance benefits described above, except that 100% of Mr. Miller's outstanding stock options and restricted stock awards will immediately vest.

**Wayne Wetherell.** On October 1, 2005, we entered into an amended employment agreement with Mr. Wetherell pursuant to which Mr. Wetherell will serve as our Chief Financial Officer. This agreement was originally for a three-year term ending September 30, 2008; however, the agreement was amended to extend the expiration date to December 31, 2012. Upon termination, the agreement was replaced with an employment agreement, dated January 1, 2013, pursuant to which Mr. Wetherell will serve as our Chief Financial Officer through December 31, 2015, as amended, for a semi-monthly base salary of \$8,639. Under the terms of the agreement, Mr. Wetherell will be entitled to the following severance benefits if we terminate his employment without cause or in the event of an involuntary termination: (i) a lump sum cash payment equal to six months base salary; (ii) continuation of Mr. Wetherell's medical and disability insurance for a period of six months; and (iii) immediate vesting of 50% of Mr. Wetherell's outstanding unvested stock options and restricted stock awards. In the event that Mr. Wetherell's employment is terminated within six months prior to or thirteen months following a change of control (defined below), Mr. Wetherell is entitled to the severance benefits described above, except that 100% of Mr. Wetherell's outstanding stock options and restricted stock awards will immediately vest.

**David Harding.** On May 21, 2007, we entered into a Change of Control and Severance Benefits Agreement with Mr. David Harding, our Vice President and Chief Technical Officer. This agreement was originally for a two-year term, ending on May 21, 2009; however, the agreement was amended to extend the expiration date to December 31, 2012. Upon termination, the agreement was replaced with an employment agreement, dated January 1, 2013, pursuant to which Mr. Harding will serve as our Vice President and Chief Technical Officer through December 31, 2015, as amended, for a semi-monthly base salary of \$9,375. Under the terms of the agreement, Mr. Harding will be entitled to the following severance benefits if we terminate his employment without cause or in the event of an involuntary termination: (i) a lump sum cash payment equal to six months base salary; and continuation of Mr. Harding's medical and disability insurance for a period of six months. In the event that Mr. Harding's employment is terminated within six months prior to or thirteen months following a change of control (defined below), Mr. Harding is entitled to the severance benefits described above, except that 100% of Mr. Harding's outstanding stock options and restricted stock awards will immediately vest.

**Jeff Harris.** Effective December 1, 2014, we entered into an employment agreement with Mr. Harris, pursuant to which Mr. Harris will serve as our Senior Vice-President of Sales and Marketing through December 31, 2015, for a semi-monthly base salary of \$8,333. Under the terms of the agreement, Mr. Harris will be entitled to the following severance benefits if we terminate his employment without cause or in the event of an involuntary termination: (i) a lump sum cash payment equal to six months base salary; and continuation of Mr. Harris' medical and disability insurance for a period of six months. In the event that Mr. Harris' employment is terminated within six months prior to or thirteen months following a change of control (defined below), Mr. Harris is entitled to the severance benefits described above, except that 100% of Mr. Harris' outstanding stock options and restricted stock awards will immediately vest.

For purposes of the above-referenced agreements, termination for "cause" means the executive's commission of a criminal act or an act of fraud, embezzlement, breach of trust or other act of gross misconduct; violations of policies or rules of the Company; refusal to follow the direction given by the Company from time to time or breach of any covenant or obligation under the above-referenced agreements or other agreements with the Company; neglect of duty; misappropriation, concealment, or conversion of any money or property of the Company; intentional damage or destruction of property of the Company; reckless conduct which endangers the safety of other persons or property during the course of employment or while on premises leased or owned by the Company; or a breach of any obligation or requirement set forth in the above-referenced agreements. A "change in control" as used in these agreements generally means the occurrence of any of the following events: (i) the acquisition by any person or group of 50% or more of our outstanding voting stock, (ii) the consummation of a merger, consolidation, reorganization, or similar transaction other than a transaction: (1) in which substantially all of the holders of our voting stock hold or receive directly or indirectly 50% or more of the voting stock of the resulting entity or a parent company thereof, in substantially the same proportions as their ownership of the Company immediately prior to the transaction; or (2) in which the holders of our capital stock immediately before such transaction will, immediately after such transaction, hold as a group on a fully diluted basis the ability to elect at least a majority of the directors of the surviving corporation (or a parent company); (iii) there is consummated a sale, lease, exclusive license, or other disposition of all or substantially all of the consolidated assets of us and our Subsidiaries, other than a sale, lease, license, or other disposition of all or substantially all of the consolidated assets of us and our Subsidiaries to an entity, 50% or more of the combined voting power of the voting securities of which are owned by our stockholders in substantially the same proportions as their ownership of the Company immediately prior to such sale, lease, license, or other disposition; or (iv) individuals who, on the date the applicable agreement was adopted by the Board, are Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Directors; provided, however, that if the appointment or election (or nomination for election) of any new Director was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of the applicable agreement, be considered as a member of the Incumbent Board.

**Securities Authorized For Issuance Under Equity Compensation Plans**

The following table provides information as of December 31, 2014 regarding equity compensation plans approved by our security holders and equity compensation plans that have not been approved by our security holders.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-Average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<b>Equity compensation plans approved by security holders:</b>			
1999 Stock Award Plan, as amended and restated	4,048,796	\$ 1.06	2,651,932
<b>Equity compensation plans not approved by security holders:</b>			
2001 Equity Incentive Plan	8,500	\$ 2.74	-
<b>Total</b>	<b>4,057,296</b>	<b>\$ 1.06</b>	<b>2,651,932</b>

**Description Of Equity Compensation Plans**

*1999 Stock Option Plan*

The 1999 Stock Option Plan (the “1999 Plan”) was adopted by the Company’s Board of Directors on December 17, 1999. Under the terms of the 1999 Plan, the Company could, originally, issue up to 350,000 non-qualified or incentive stock options to purchase common stock of the Company. During the year ended December 31, 2014, a majority of the Company’s shareholders subsequently approved an amendment to and restatement of the 1999 Plan to increase the share reserve for issuance by approximately 7.0 million shares of the Company’s common stock. The 1999 Plan prohibits the grant of stock option or stock appreciation right awards with an exercise price less than fair market value of common stock on the date of grant. The 1999 Plan also generally prohibits the “re-pricing” of stock options or stock appreciation rights, although awards may be bought-out for a payment in cash or the Company’s stock. The 1999 Plan permits the grant of stock based awards other than stock options, including the grant of “full value” awards such as restricted stock, stock units and performance shares. The 1999 Plan permits the qualification of awards under the plan (payable in either stock or cash) as “performance-based compensation” within the meaning of Section 162(m) of the Internal Revenue Code.

*2001 Equity Incentive Plan*

On September 12, 2001, our Board of Directors adopted the 2001 Equity Incentive Plan (the “2001 Plan”). Under the terms of the 2001 Plan, we may issue stock awards to our employees, directors and consultants, and such stock awards may be given as non-statutory stock options (options not intended to qualify as an “incentive stock option” within the meaning of Section 422 of the Code), stock bonuses, and rights to acquire restricted stock. The number of options issued and outstanding and the number of options remaining available for future issuance are shown in the table above.

The 2001 Plan is administered by the Board of Directors or a Committee of the Board as provided in the 2001 Plan. The exercise price of options granted under the 2001 Plan shall not be less than 85% of the market value of our common stock on the date of the grant, and, in some cases, may not be less than 110% of such fair market value. The term of options granted under the 2001 Plan as well as their vesting is determined by the Board and to date, options have been granted with a ten-year term and vesting over a three-year period. While the Board may suspend or terminate the 2001 Plan at any time, if not terminated earlier, it will terminate on the day before its tenth anniversary of the date of adoption. The Board has determined not to issue any future awards under the 2001 Plan.

## Director Compensation

Each of our non-employee directors receives a monthly retainer of \$3,000 for serving on the Board of Directors, which fee may be paid either in cash or shares of common stock. Board members who also serve on the Audit Committee receive additional monthly compensation of \$458 for the Chairman and \$208 for the remaining members of the Audit Committee. Board members who also serve on the Compensation Committee receive additional monthly compensation of \$417 for the Chairman and \$208 for the remaining members of the Compensation Committee. The members of the Board of Directors are also eligible for reimbursement for their expenses incurred in attending Board meetings in accordance with our policies. For the fiscal year ended December 31, 2014 the total amounts paid to non-employee directors as compensation (excluding reimbursable expenses) was approximately \$258,677, which amount was paid \$20,500 in cash with the remainder paid in common stock of the Company..

Each of our non-employee directors is also eligible to receive stock option grants under the 1999 Plan. Options granted under the 1999 Plan are intended by us not to qualify as incentive stock options under the Code.

The term of options granted under the 1999 Plan is ten years. In the event of a merger of us with or into another corporation or a consolidation, acquisition of assets or other change-in-control transaction involving us, an equivalent option will be substituted by the successor corporation, provided, however, that we may cancel outstanding options upon consummation of the transaction by giving at least thirty (30) days notice.

The following table sets forth the compensation awarded to, earned by, or paid to each person who served as a director during the year ended December 31, 2014, other than a director who also served as an executive officer.

	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)(2)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Guy Steve Hamm	\$ 5,500	\$ 39,696 <sup>(1)</sup>	\$ 6,608	\$	\$ 51,804
David Carey	\$ 7,500	\$ 39,696 <sup>(1)</sup>	\$ 6,608	\$	\$ 53,804
David Loesch	\$ 2,500	\$ 39,696 <sup>(1)</sup>	\$ 6,608	\$	\$ 48,804
John Cronin	\$ 2,500	\$ 39,696 <sup>(1)</sup>	\$ 18,452	\$	\$ 60,648
Neal Goldman	\$ 2,500	\$ 39,696 <sup>(1)</sup>	\$ 6,561	\$	\$ 48,757
Charles Crocker	\$ -	\$ 39,696 <sup>(1)</sup>	\$ 18,373	\$	\$ 58,069

<sup>(1)</sup> Represents the monthly vesting in 2014 of 20,568 restricted shares granted on October 29, 2013. The restricted shares vest monthly over fourteen months ending December 31, 2014.

<sup>(2)</sup> The amounts reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2014, in accordance with the provisions of ASC 718 and thus may include amounts from awards granted prior to 2014. Assumptions used in the calculation of these amounts are included in Notes to the Consolidated Financial Statements.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

As of April 15, 2015, we had three classes of voting stock outstanding: (i) common stock; (ii) our Series B Preferred Stock (“*Series B Preferred*”); and (iii) our Series E Convertible Preferred Stock (“*Series E Preferred*”). The following tables sets forth information regarding shares of Series B Preferred, Series E Preferred and common stock beneficially owned as of April 15, 2015 by:

- (i) Each of our officers and directors;
- (ii) All officer and directors as a group; and
- (iii) Each person known by us to beneficially own five percent or more of the outstanding shares of our common stock, Series B Preferred and Series E Preferred. Percent ownership is calculated based on 239,400 shares of Series B Preferred, 12,000 shares of Series E Preferred, and 93,551,733 shares common stock outstanding at April 15, 2015.

Unless otherwise noted, the addresses of the individuals listed below are 10815 Rancho Bernardo Road, Suite 310, San Diego, California 92127.

**Beneficial Ownership of Series B Preferred**

<b>Name, Address and Title (if applicable)</b>	<b>Series B Convertible Preferred Stock <sup>(1)</sup></b>	<b>% Ownership of Class <sup>(1)</sup></b>
Darrellyn Carpenter	28,000	12%
Frederick C. Orton	20,000	8%
Howard Harrison	20,000	8%
Wesley Hampton	16,000	7%

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

**Beneficial Ownership of Series E Preferred**

<b>Name, Address and Title (if applicable)</b>	<b>Series E Convertible Preferred Stock <sup>(1)</sup></b>	<b>% Ownership of Class <sup>(1)</sup></b>
Charles L. Frischer	2,636	22%
Neal Goldman	2,278	19%
CF Special Situation Fund I LP <sup>(2)</sup>	2,286	19%
Wynnefield Partners Small Cap Value, LP I <sup>(3)</sup>	1,500	12.5%

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

(2) Includes 120 shares held in the name of CF Special Situation Fund II, LP, and 286 shares held by Robert T. Clutterbuck. Mr. Clutterbuck has shared voting and dispositive power of these shares.

(3) Includes 450 shares held in the name of Wynnefield Partners Small Cap Value, LP and 300 shares held by Wynnefield Small Cap Value Offshore Fund Ltd.

[Table of Contents](#)

**Beneficial Ownership of Common Stock**

Name and Address	Number of Shares <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
<i>Directors and Named Executive Officers:</i>		
S. James Miller, Jr. <sup>(3)</sup> Chairman, Chief Executive Officer	1,911,762	2.0 %
David Carey <sup>(4)</sup> Director	126,689	*
G. Steve Hamm <sup>(5)</sup> Director	141,775	*
David Loesch <sup>(6)</sup> Director	169,897	*
Neal I. Goldman <sup>(7)</sup> Director	34,841,692	36.7%
John Cronin <sup>(8)</sup> Director	102,189	*
Charles Crocker <sup>(9)</sup> Director	373,023	*
Wayne Wetherell <sup>(10)</sup> SVP of Administration, Chief Financial Officer, Secretary	536,202	*
David Harding <sup>(11)</sup> Chief Technical Officer	672,525	*
Jeff Harris <sup>(12)</sup> SVP of Sales and Marketing	-	*
<b>Total beneficial ownership of directors and officers as a group (10 persons):</b>	<b>38,875,754</b>	<b>40.0%</b>

*5% Stockholders:*

Traditional Investment Fund, LTD <sup>(13)(14)</sup>	6,000,000	6.7%
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- (1) All entries exclude beneficial ownership of shares issuable pursuant to options that have not vested or that are not otherwise exercisable as of the date hereof or which will not become vested or exercisable within 60 days of April 15, 2015.
- (2) Percentages are rounded to nearest one-tenth of one percent. Percentages are based on 93,551,733 shares of common stock outstanding as of April 15, 2015. Options that are presently exercisable or exercisable within 60 days of April 15, 2015 are deemed to be beneficially owned by the stockholder holding the options for the purpose of computing the percentage ownership of that stockholder, but are not treated as outstanding for the purpose of computing the percentage of any other stockholder.
- (3) Includes 75,201 shares held jointly with spouse, 1,083,075 shares issuable upon exercise of stock options, each exercisable within 60 days of April 15, 2015.
- (4) Includes 40,003 shares issuable upon exercise of stock options exercisable within 60 days of April 15, 2015.
- (5) Includes 42,503 shares issuable upon exercise of stock options exercisable within 60 days of April 15, 2015.
- (6) Includes 40,003 shares issuable upon exercise of stock options, each exercisable within 60 days of April 15, 2015.
- (7) Includes 1,198,947 shares issuable upon the conversion of Series E Preferred Stock and 12,503 shares issuable upon exercise of stock options, each exercisable within 60 days of April 15, 2015. Mr. Goldman exercises sole voting and dispositive power over 25,811,692 shares, and shared voting and dispositive power over 9,030,000 reported shares, of which 6,000,000 shares are owed by Goldman Partners, LP, 3,000,000 shares are owned by the Goldman Family 2012 GST Trust and 30,000 shares are owed by The Neal and Marlene Goldman Foundation.
- (8) Includes 62,503 shares issuable upon exercise of stock options exercisable within 60 days of April 15, 2015.
- (9) Includes 58,337 shares issuable upon exercise of stock options exercisable within 60 days of April 15, 2015.
- (10) Includes 225,002 shares issuable upon exercise of stock options exercisable within 60 days of April 15, 2015.
- (11) Includes 567,525 shares issuable upon exercise of stock options exercisable within 60 days of April 15, 2015.
- (12) As Mr. Harris is new to the management team no stock options are exercisable within 60 days of April 15, 2015.
- (13) Address for this beneficial owner is 795 Ridge Lake Blvd., Suite 106, Memphis Tennessee 38120.

(14) Based on ownership information from the Schedule 13G filed by Traditional Investment Fund, LTD ("*Traditional Investment*") on February 6, 2013. Mr. Thomas Wallace, manager of Traditional Investment, has shared voting and dispositive power of these shares.

\* less than 1%

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### *Related Party Convertible Notes*

On November 14, 2008 the Company entered into a series of convertible promissory notes (the “*Related-Party Convertible Notes*”), aggregating \$110,000 with certain officers and members of the Company’s Board of Directors, including S. James Miller, the Company’s Chief Executive Officer and Chairman. The Related-Party Convertible Notes bear interest at 7.0% per annum and were originally due February 14, 2009. In conjunction with the original issuance of the Related-Party Convertible Notes in 2008, the Company issued an aggregate of 149,996 warrants to the note holders to purchase shares of common stock of the Company. The warrants have an exercise price \$0.50 per share and may be exercised at any time from November 14, 2008 until November 14, 2013. No warrants to purchase shares of common stock were outstanding and exercisable as of December 31, 2014, and no warrants were issued and outstanding as of December 31, 2014.

The Company did not repay the Related-Party Convertible Notes on the due date. In August 2009, the Company received from the Related-Party Convertible Note holders a waiver of default and extension to January 31, 2010 of the maturity date of the Related-Party Convertible Notes. As consideration for the waiver and note extension, the company issued to the Related-Party Convertible Note holders an aggregate of 150,000 warrants to purchase shares of the Company’s common stock. The warrants have an exercise price of \$0.50 per share and expire on August 25, 2014, of which no warrants to purchase shares of common stock were outstanding and exercisable as of December 31, 2014.

On January 21, 2013, the holders of the Related-Party Convertible Notes agreed to extend the due date on their respective convertible notes to be due and payable not later than June 30, 2014, however, the Related-Party Convertible Notes will be callable at any time, at the option of the note holder, prior to June 30, 2014. During the year ended December 31, 2014, holders of Related-Party Convertible Notes in the principal amount of \$85,034 elected to convert their respective Related-Party Convertible Notes into 154,607 shares of common stock.

### *Lines of Credit*

At December 31, 2014, the Company had two unsecured lines of credit, the Line of Credit with maximum available borrowings of up to \$5,000,000 that matures in March 2017 and the \$500K Line of Credit with maximum available borrowings of up to \$500,000 that matured in March 2015. The Line of Credit was issued by Neal Goldman and the \$500K Line of Credit was issued by Charles Crocker, both existing members of our Board of Directors. The Line of Credit is and, until terminated in March 2015, the \$500K Line of Credit was, at the election of the holders, convertible into shares of the Company’s common stock at prices ranging from \$0.95 per share to \$2.30 per share, in accordance with their terms and conditions.

In February 2015 the Company consummated the Series E Financing, resulting in the issuance of 12,000 shares of Series E Preferred Stock to certain investors at a price of \$1,000 per share, with each share convertible into 526.32 shares of the Company’s common stock at \$1.90 per share. Approximately 2,000 shares of Series E Preferred were issued in consideration for the exchange by Mr. Goldman, the Company’s largest shareholder and a director, of certain indebtedness under the Line of Credit totaling \$1,950,000 in principal borrowing plus approximately \$28,000 in accrued interest. As a result of the Series E Financing the Company’s borrowing capacity under the Line of Credit agreement was reduced to \$3,050,000 with the maturity date unchanged and the \$500K Line of Credit was terminated March 31, 2015 in accordance with its terms.

Advances under the Line of Credit are made at the Company’s request. As of December 31, 2014, the Company had received \$1,550,000 in advances under the Line of Credit and no advances under the \$500K Line of Credit.

### **Review, Approval or Ratification of Transactions with Related Persons**

As provided in the charter of our Audit Committee, it is our policy that we will not enter into any transactions required to be disclosed under Item 404 of the SEC’s Regulation S-K unless the Audit Committee or another independent body of our Board of Directors first reviews and approves the transactions.

In addition, pursuant to our Code of Ethical Conduct and Business Practices, all employees, officers and directors of ours and our subsidiaries are prohibited from engaging in any relationship or financial interest that is an actual or potential conflict of interest with us without approval. Employees, officers and directors are required to provide written disclosure to the Chief Executive Officer as soon as they have any knowledge of a transaction or proposed transaction with an outside individual, business or other organization that would create a conflict of interest or the appearance of one.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2014 and 2013 by Mayer Hoffman McCann P.C. ("MHM"), the Company's independent registered public accounting firm. MHM leases substantially all its personnel, who work under the control of MHM shareholders, from wholly-owned subsidiaries of CBIZ, Inc., in an alternative practice structure.

	<b>Fiscal Year Ended</b>	
	<b>2014</b>	<b>2013</b>
Audit fees	\$ 193,000	\$ 211,000
Audit-related fees	\$ -	\$ -
Tax fees	\$ -	\$ -
All other fees	\$ -	\$ -
<b>Total Fees</b>	<b>\$ 193,000</b>	<b>\$ 211,000</b>

The Audit Committee of the Company's Board of Directors approved all fees described above.

*Pre-Approval Policies and Procedures.*

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent auditor, currently Mayer Hoffman McCann P.C. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this annual report:

<b>Exhibit No.</b>	<b>Description</b>
2.1	Agreement and Plan of Merger, dated October 27, 2005 (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A, filed November 15, 2005).
3.1	Certificate of Incorporation (incorporated by reference to Annex B to the Company's Definitive Proxy Statement on Schedule 14A, filed November 15, 2005).
3.2	Certificate of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed October 14, 2011).
3.3	Bylaws (incorporated by reference to Annex C to the Company's Definitive Proxy Statement on Schedule 14A, filed November 15, 2005).
3.4	Certificate of Designations, Preferences and Rights of the Series E Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed February 2, 2015).
4.1	Form of Warrant to Purchase Common Stock dated September 5, 2008 (incorporated by reference to Exhibit 4.19 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
4.2	Warrant, dated March 12, 2014 (incorporated by reference to the Company's Current Report on Form 8-K, filed March 13, 2014).
4.3	Warrant to Purchase Common Stock, dated February 12, 2009, issued by the Company to BET Funding, LLC (incorporated by reference to Exhibit 4.22 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
4.4	Warrant to Purchase Common Stock, dated June 22, 2009, issued by the Company to BET Funding, LLC (incorporated by reference to Exhibit 4.24 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
4.5	Warrant to Purchase Common Stock, dated October 5, 2009, issued by the Company to BET Funding, LLC (incorporated by reference to Exhibit 4.25 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
4.6	Warrant to Purchase Common Stock, dated December 12, 2011 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 21, 2011).
4.7	Registration Rights Agreement, dated December 12, 2011, by and between the Company and certain accredited investors (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed December 21, 2011).
4.8	Form of Amendment to Warrant, dated December 14, 2011 (incorporated by reference to Exhibit 4.15 to the Company's Current Report on Form 10-K, filed January 17, 2012).
4.9	Form of Amendment to Warrant, dated March 21, 2012, (incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 10-K, filed April 4, 2012).
4.10	Warrant to Purchase Common Stock, dated March 28, 2013 issued by the Company to Neal Goldman (incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 10-K, filed April 1, 2013).
4.11	Warrant, dated March 12, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 13, 2014).
10.1	Employment Agreement, dated September 27, 2005, between the Company and S. James Miller (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed September 30, 2005).
10.2	Form of Indemnification Agreement entered into by the Company with its directors and executive officers (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form SB-2 (No. 333-93131), filed December 20, 1999, as amended).
10.3	Amended and Restated 1999 Stock Plan Award (incorporated by reference to Appendix B of the Company's Definitive Proxy Statement on Schedule 14A, filed November 21, 2007).
10.4	Form of Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 14, 2005).
10.5	2001 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-QSB, filed November 14, 2001).
10.6	Securities Purchase Agreement, dated September 25, 2007, by and between the Company and certain accredited investors (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed September 26, 2007).
10.7	Office Space Lease between I.W. Systems Canada Company and GE Canada Real Estate Equity, dated July 25, 2008 (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.8	Form of Securities Purchase Agreement, dated August 29, 2008 by and between the Company and certain accredited investors (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.9	Change of Control and Severance Benefits Agreement, dated September 27, 2008, between Company and Charles Aubuchon (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.10	Change of Control and Severance Benefits Agreement, dated September 27, 2008, between Company and David Harding (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.11	First Amendment to Employment Agreement, dated September 27, 2008, between the Company and S. James Miller (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.12	Form of Convertible Note dated November 14, 2008 (incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.13	Second Amendment to Employment Agreement, dated April 6, 2009, between the Company and S. James Miller (incorporated by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.14	Office Space Lease between the Company and Allen W. Wooddell, dated July 25, 2008 (incorporated by reference to Exhibit 10.54 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.15	Third Amendment to Employment Agreement, dated December 10, 2009, between the Company and S. James Miller (incorporated by reference to Exhibit 10.60 to the Company's Annual Report on Form 10-K, filed February 24, 2010).
10.16	Securities Purchase Agreement, dated December 12, 2011, by and between the Company and certain accredited investors (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed December 21, 2011).

[Table of Contents](#)

10.17	Note Exchange Agreement, dated December 12, 2011, by and between the Company and certain accredited investors (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed December 21, 2011).
10.18	Fourth Amendment to Employment Agreement, dated March 10, 2011, between the Company and S. James Miller, (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K, filed January 17, 2012).
10.19	Fifth Amendment to Employment Agreement, dated January 31, 2012, between the Company and S. James Miller, Jr., (incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K, filed April 4, 2012).
10.20	Employment Agreement, dated January 1, 2013, between the Company and Wayne Wetherell (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 7, 2013).
10.21	Employment Agreement, dated January 1, 2013, between the Company and Charles AuBuchon (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 7, 2013).
10.22	Employment Agreement, dated January 1, 2013, between the Company and David Harding (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 7, 2013).
10.23	Convertible Promissory Note dated March 27, 2013 issued by the Company to Neal Goldman (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K, filed April 1, 2013).
10.24	Amendment to Convertible Promissory Note, dated March 12, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 13, 2014).
10.25	Note Exchange Agreement, dated January 29, 2015 (incorporated by reference to the Company's Current Report on Form 8-K, filed February 2, 2015).
10.26	Seventh Amendment to Employment Agreement, by and between S. James Miller, Jr. and the Company, dated January 9, 2015 (incorporated by reference to the Company's Current Report on Form 8-K, filed January 15, 2015).
10.27	Second Amendment to Employment Agreement, by and between Wayne Wetherell and the Company, dated January 9, 2015 (incorporated by reference to the Company's Current Report on Form 8-K, filed January 15, 2015).
10.28	Second Amendment to Employment Agreement, by and between David E. Harding and the Company, dated January 9, 2015 (incorporated by reference to the Company's Current Report on Form 8-K, filed January 15, 2015).
10.29	Amendment No. 3 to Convertible Promissory Note, dated December 8, 2014 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 10, 2014).
21.1	List of Subsidiaries (incorporated by referenced to Exhibit 21.1 to the Company's Annual Report on Form 10-K filed February 24, 2010).
23.1	Consent of Independent valuation firm.
23.2	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of CEO as Required by Rule 13a-14(a)/15d-14, filed herewith
31.2	Certification of CFO as Required by Rule 13a-14(a)/15d-14, filed herewith.
32.1	Certification of CEO as Required by Rule 13a-14(a) and Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code, filed herewith.
32.2	Certification of CFO as Required by Rule 13a-14(a) and Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code, filed herewith.
<b>101.INS*</b>	XBRL Instance Document
<b>101.SCH*</b>	XBRL Taxonomy Extention Schema
<b>101.CAL*</b>	XBRL Taxonomy Extention Calculation Linkbase
<b>101.DEF*</b>	XBRL Taxonomy Extention Definition Linkbase
<b>101.LAB*</b>	XBRL Taxonomy Extention Label Linkbase
<b>101.PRE*</b>	XBRL Taxonomy Extention Presentation Linkbase

\* Previously filed in Original Filing.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, there unto duly authorized.

Registrant

*ImageWare Systems, Inc.*

Date: April 22, 2015

/s/ S. James Miller, Jr.

S. James Miller, Jr.

Chief Executive Officer (Principal Executive Officer), President

**Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and pursuant to Rule 13a-14(a) and Rule 15d-14 under the Securities Exchange Act of 1934**

I, S. James Miller, Jr., Chief Executive Officer of the Company, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of ImageWare Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2015

ImageWare Systems, Inc.

By: /s/ S. James Miller, Jr.  
S. James Miller, Jr.  
Chief Executive Officer  
(Principal Executive Officer)

**Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and pursuant to Rule 13a-14(a) and Rule 15d-14 under the Securities Exchange Act of 1934**

I, Wayne Wetherell, Chief Financial Officer of the Company, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of ImageWare Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2015

ImageWare Systems, Inc.

By: /s/ Wayne Wetherell  
\_\_\_\_\_  
Wayne Wetherell  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION**

S. James Miller, Chief Executive Officer of ImageWare Systems, Inc. (the “*Company*”), and Wayne Wetherell, Chief Financial Officer of the Company, each hereby certifies pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350) that, to the best of his knowledge:

1. The Annual Report on Form 10-K/A of the Company for the year ended December 31, 2014 fully complies with the requirements of Section 13(a) or 15 (d) of the Exchange Act; and

2. The information contained in the Annual Report on Form 10-K/A of the Company for the year ended December 31, 2014 fairly presents, in all material respects, the financial condition of the Company at the end of the year covered by the Annual Report and the results of operations of the Company for the period covered by the Annual Report.

**IN WITNESS WHEREOF**, the undersigned have set their hands hereto as of the 22nd day of April, 2015.

/s/ S. James Miller

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**S. James Miller**  
**Chief Executive Officer**

/s/ Wayne Wetherell

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**Wayne Wetherell**  
**Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**

A signed original of this written statement required by Section 906 has been provided to ImageWare Systems, Inc. and will be retained by ImageWare Systems, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.