N DEANNE WITTIG QUALIFIED PROPERTY MARITAL TRUST II
Form SC 13D/A
June 23, 2003

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Bio Key International Inc.

(Name of Issuer)

Common Stock, par value $.01 per share

(Title of Class of Securities)

09060C101

(CUSIP Number)

Brooke J. Billick
Vice President & Securities Counsel
Marshall & Ilsley Trust Company N.A.
1000 North Water Street, 13th Floor
Milwaukee, Wisconsin 53202
Telephone No.: 414-287-8609

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 30, 2003

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [ ].

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be 'filed' for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. Names of Reporting Persons N. DeAnne Wittig Qualified Property Marital Trust II, established under Will dated October 23, 1998

I.R.S. Identification Nos. of Above Persons (Entities Only): 52-7250702

2. Check the Appropriate Box If a Member of a Group (See Instructions)

(a) [ ]
(b) [ ]

3. SEC Use Only

4. Source of Funds (See Instructions) OO

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e). [ ]

6. Citizenship or Place of Organization: Minnesota

Number of Shares Beneficially Owned By Each Reporting Person With	7. Sole Voting Power	1,107,500
	8. Shared Voting Power	0
	9. Sole Dispositive Power	1,107,500
	10. Shared Dispositive Power	0

11. Aggregate Amount Beneficially Owned by Each Reporting Person 1,107,500

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares [ ]

13. Percent of Class Represented by Amount in Row (11) 7.51%

14. Type of Reporting Person OO

The Reporting Person amends its response to Item 5 of its Schedule 13D dated February 17, 2003, in its entirety as follows:

"Item 5. Interest in Securities of the Issuer

"(a) As of June 13, 2003, the Trust is the direct beneficial owner of 1,107,500 shares, or approximately 7.51% of the 14,748,808 shares of common stock of the

Company that were issued and outstanding as of May 7, 2003, as reported in the Company's Form 10-QSB for the quarter ending March 31, 2003.

"(b) Number of shares as to which the Trust has:

Sole power to vote or to direct the vote:	1,107,500
Shared power to vote or to direct the vote:	0
Sole power to dispose or to direct the disposition of:	1,107,500
Shared power to dispose or to direct the disposition of:	0

"(c) During the past sixty (60) days, and pursuant to SEC Rule 144, the Trust has sold shares of the Company's common stock in the following transactions:

Date of sale	Number of shares sold
5/22/2003	11,000
5/23/2003	7,500
5/27/2003	5,000
5/30/2003	106,500

"(d) The following person is believed to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the Company's common stock held by the Trust, representing more than 5% of the Company's outstanding common stock:

Nancy DeAnne Wittig, sole beneficiary of the Trust

"(e) Not applicable."

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Dated: June 13, 2003

Signatures:

N. DEANNE WITTIG QUALIFIED PROPERTY MARITAL TRUST II

By: /s/ Nancy DeAnne Wittig
Nancy DeAnne Wittig, Co-Trustee

By: Marshall & Ilsley Trust Company N.A., Co-Trustee

By: /s/ Karen A. Dunifon
Name/Title: Vice President

roximity marketing has unlimited marketing possibilities to thousands of different businesses. Proximity marketing is the localized wireless distribution of advertising content associated with a particular place. If we place a proximity transmitting box in a location of an advertiser/business, transmissions (messages) will be sent to and received by cell phones and PDA's equipped with Bluetooth technology within approximately 100 meters of a marketing broadcast. A person receiving the transmission can elect to download the transmission, read the message and potentially act upon the message sent by the advertiser. The message will remain on the cell phone or PDA until proactively removed by the user. The user also has the ability to forward the message to other users, which generates multiple views over an extended period of time. Management believes that advertisers are constantly seeking new measurable media channels that can accurately target and engage key consumer segments, and deliver compelling, relevant content that can be enjoyed for what it is, shared with friends, interactively engaged with or commercially acted upon instantaneously. All messages received by the public are free of charge meaning there is no charge on any content a consumer downloads.

We will enable our advertising customers to promote their business by sending still images, animated images, audio files, video clips, text files, promotional or discount contents, bar codes, mobile games and java applications and business card files. We can also send live data such as news and sports updates to targeted mobile phones. Management believes that proximity marketing is completely spam-free and compliant with all applicable governmental regulations. It asks the users if they would like to receive the content. It tracks how many people accept and reject the content, providing the sender with a detailed time and date for every transmission. The system maintains a unique Bluetooth ID assigned to each device, and therefore will not send users the same advertisement more than once, and if rejected will not contact the user again. Ace intends to market its proximity boxes as a premiere mobile technology. This will allow Ace to create a new channel in the mobile marketplace for existing brands and marketers to leverage the inherent strengths of mobile advertising. Ace plans to leverage the technology to develop niche vertical sites. These services will be scalable for both large and small businesses to monetize high traffic areas. Additionally, the platform shall be dynamically scalable for worldwide partnerships, where a multi-location business will be able to send a different marketing campaign for each demographic. Ace has demonstrated the use of proximity marketing boxes and delivered branded content for: o Def Leppard to support their band tour; o International Speeding Corporation, owner and operator of 13 major motorsports facilities, including the Daytona International Speedway; o Macy's Thanksgiving Day Parade ; o SantaLand at Macy's; o Madison Square Garden; o IMAX theater o Lonestar to support their band Blue Bite, LLC is also an authorized distributor, provider and reseller of the proximity transmitting boxes. We have an agreement pursuant to which Ace has loaned Blue Bite $100,000 pursuant to two Notes (due June 1, 2009 and September 17, 2009) convertible at Ace's option into a 20% ownership interest of Blue Bite. At the time of conversion, Ace would also have to deliver to Blue Bite up to $150,000 in fair market value of its restricted Common Stock as additional consideration. 13 CRITICAL ACCOUNTING POLICIES ---------------------------- Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of financial statements requires management to make estimates and disclosures on the date of the financial statements. On an on-going basis, we evaluate our estimates including, but not limited to, those related to revenue recognition. We use authoritative pronouncements, historical experience and other assumptions as the basis for making judgments. Actual results could differ from those estimates. We believe that the following critical accounting policies affect our more significant judgments and estimates in the preparation of our financial statements. REVENUE RECOGNITION. Revenues are recognized when title and risk of loss transfers to the customer and the earnings process is complete. In general, title passes to our customers upon the customer's receipt of the merchandise. Revenue is accounted for in accordance with Emerging Issue Task Force Issue No. 99-19, reporting revenue gross as a principal versus net as an agent. Revenue is recognized on a gross basis since our company has the risks and rewards of ownership, latitude in selection of vendors and pricing, and bears all credit risk. Our company records all shipping and handling fees billed to customers as revenues, and related costs as cost of goods sold, when incurred, in accordance with Emerging Issue Task Force Issue No. 00-10, accounting for shipping and handling fees and costs. ALLOWANCE FOR DOUBTFUL ACCOUNTS. We are required to make judgments based on historical experience and future expectations, as to the realizability of our accounts receivable. We make these assessments based on the following factors: (a) historical experience, (b) customer concentrations, (c) customer credit worthiness, (d) current economic conditions, and (e) changes in customer payment terms. STOCK BASED COMPENSATION. The Company records compensation expense associated with stock options and other equity-based compensation in accordance with SFAS 123(R). Share-based compensation expense is determined based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). The Company recognizes compensation expense on a straight-line basis over the requisite service period of the award. RESULTS OF OPERATIONS The following table sets forth certain selected unaudited condensed statement of operations data for the periods indicated in dollars and as a percentage of total net revenues. The following discussion relates to our results of operations for the periods noted and is not necessarily indicative of the results expected for any other interim period or any future fiscal year. In addition, we note that the period-to-period comparison may not be indicative of future performance. Three Months Ended March 31 ----------------------------- 2009 2008 ---- ---- Revenue $ 455,032 $ 1,176,183 Cost of Revenues 330,868 810,460 Gross Profit 124,164 365,723 Selling, General and Administrative Expenses 590,945 667,718 (Loss) from Operations (466,781) (301,995) We generated revenues of $455,032 in the first quarter of 2009 compared to $1,176,183 in the same three month period ending March 31, 2008. The decrease in revenues of $721,151 in 2009 compared to 2008 was due to the general state of economy and customers choosing to cancel or delay purchases of promotional products. In this respect, one of our major customers which purchased $240,000 of promotional products in the quarter ended March 31, 2008, elected to hold off on its 2009 order due to the decline in their company sales. 14 Cost of revenues was $330,868 or 72.7% of revenues in the first quarter of 2009 compared to $810,460 or 68.9% of revenues in the same three months of 2008. Cost of revenues includes purchases and freight costs associated with the shipping of merchandise to our customers. Decrease in cost of revenues of $479,592 in 2009 is related to a decrease in sales during the current quarter ending March 31, 2009. Gross profit was $124,164 in the first quarter of 2009 or 27.3% of net revenues compared to $365,723 in the same three months of 2008 or 31.1% of revenues. Gross profits will vary period-to-period depending upon a number of factors including the mix of items sold, pricing of the items and the volume of product sold. Also, it is our practice to pass freight costs on to our customers. Reimbursement of freight costs which are included in revenues have lower profit margins than sales of our promotional products and has the effect of reducing our overall gross profit margin on sales of products, particularly on smaller orders. Selling, general, and administrative expenses were $590,945 in the first quarter of 2009 compared to $667,718 in the same three months of 2008. Such costs include payroll and related expenses, commissions, insurance, rents, professional, consulting and public awareness fees. The overall decrease of $76,773 was primarily due to an $18,384 decrease in stock based compensation and a $91,340 decrease in commissions. Net loss was $(464,051) in the first quarter of 2009 compared to a net loss of $(299,542) for the same three months in 2008. The first quarter net loss for 2009 includes stock based payments (non-cash) of $124,777 as compared to $143,161 for the comparable period of 2008. Our 2009 net loss increased by approximately $165,000 due to substantial decreases in sales caused by customers choosing to cancel or delay purchases of promotional products primarily as a result of the general state of the economy. No benefit for income taxes is provided for in 2009 and 2008 due to the full valuation allowance on the net deferred tax assets. Liquidity and Capital Resources ------------------------------ The company had cash and cash equivalents of $615,566 at March 31, 2009. Cash used in operating activities for the three months ended March 31, 2009 was $143,685. This resulted primarily from a net loss of $464,051, offset by stock based compensation of $124,777 a decrease in accounts receivable of $458,704 and an increase in prepaid expenses and other assets of $39,903 and a decrease of accounts payable and accrued expenses of $230,084. The company had cash and cash equivalents of $931,624 at March 31, 2008. Cash provided by operating activities for the three months ended March 31, 2008 was $162,603. This resulted primarily from a net loss of $299,542, offset by stock based compensation of $143,161 a decrease in accounts receivable of $333,815 and an increase in customer deposits of $300,000, as well as an increase prepaid expenses and other assets of $93,378 and a decrease of accounts payable and accrued expenses of $223,665. Cash used in investing activities for the three months ended March 31, 2008 was $50,000 as a result of an issuance of a note receivable. Cash provided by financing activities for the three months ended March 31, 2009 was $250,000 as a result of the issuance of common stock. Our company commenced operations in 1998 and was initially funded by our three founders, each of whom has made demand loans to our Company that have been repaid. Since 1999, we have relied primarily on equity financing from outside investors to supplement our cash flow from operations. We anticipate that our future liquidity requirements will arise from the need to finance our accounts receivable and inventories, hire additional sales persons, capital expenditures and possible acquisitions. The primary sources of funding for such requirements will be cash generated from operations, raising additional capital from the sale of equity or other securities and borrowings under debt facilities which currently do not exist. We believe that we can generate sufficient cash flow from these sources to fund our operations for at least the next fifteen months. In the event we should need additional financing, we can provide no assurances that we will be able to obtain financing on terms satisfactory to us, if at all. 15 Recent Financings ---------------- Between July and October 2008, the Company sold 445,000 shares of its Series A Preferred Stock at a purchase price of $1.00 per share. On December 15, 2008, all of the Preferred Shares automatically converted into 890,000 common shares at a conversion price of $.50 per share. Exemption is claimed pursuant to Rule 506 of Regulation D of the Securities Act for the issuance of the Preferred Shares. Exemption is claimed pursuant to Section 3(a)(9) of the Securities Act for the subsequent conversion of Preferred Stock into Common Stock. In February 2009, we sold 500,000 shares of our Common Stock at an exercise price of $.50 per share, payable one-half immediately and the balance in March 2009 through the retirement of a $125,000 Note. Exemption is claimed under Section 4(2) of the Securities Act of 1933, as amended. ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates. ITEM 4. CONTROLS AND PROCEDURES We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commissions rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our management, including our CEO and CFO, an evaluation was performed on the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. There were no changes in the Company's internal controls over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting. At December 31, 2008, management identified the following significant deficiencies that when aggregated give rise to a material weakness in the area of financial reporting. These deficiencies include, without limitation, a) lack of review or evidence of review in the financial Reporting process; b) information technology limitations; and inability to apply complex accounting principles. Management is presently assessing these deficiencies and as of March 31, 2009, had not completed remediated the identified deficiencies. 16 Management's Plan of Remediation ------------------------------- Independent Board of Directors or Audit Committee -- Due to the current size of the Company it does not intend to add independent board members at this time. This deficiency will be addressed if the Company shows substantial growth moving forward. Information Technology ---------------------- Management is in the process of implementing a weekly and monthly checklist of IT required function to assure all necessary activities are completed and documented. As of this time the checklist has not yet been completed. Management has limited the access to all financial applications only to include the Companies CEO, President and CFO. All passwords have been changed and will be changed on a quarterly basis to allow only access to the proper employee's. Management has it's IT personnel updating the software at least annually and ensuring the updates, patches and licenses are current. Revenue Recognition and Cost of Revenue As of January 2009, management has implemented a change to ensure the company has a centralized system to track orders processed shipped and recorded. Orders can no longer move forward without verification from the billing or tracking department. No testing has yet been completed on the system. Financial Reporting ------------------- Management has completed the complex equity transactions that are required and is in the process of having an outside consultant report on the system. Management is also addressing the two accounting systems currently in use and has a plan which will be implemented in the second quarter to move to a single system. The single system will meet the company's needs and any current future growth. Accounts Payable and Cash Disbursements ------------------------------------- As of February 2009, management has implemented a change to address its deficiencies. The Company has granted access rights for the user of the accounts payable module which now results in the payment of open invoices to relieve any double counting. No testing has been completed on the new system. 17 PART II. OTHER INFORMATION ITEM 1. LEGAL PROCEEDINGS. As of the filing date of this Form 10-Q, we are not a party to any pending legal proceedings. ITEM 1A. RISK FACTORS As a Smaller Reporting Company as defined Rule 12b-2 of the Exchange Act and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1A. ITEM 2. CHANGES IN SECURITIES. (a) From January 2009 through April 19, 2009, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below: --------------- ------------- --------------- ------------------------ ------------------ ---------------------- CONSIDERATION RECEIVED AND DESCRIPTION OF UNDERWRITING OR OTHER DISCOUNTS TO MARKET IF OPTION, WARRANT OR PRICE OR CONVERTIBLE EXEMPTION FROM CONVERTIBLE SECURITY, DATE OF TITLE OF SECURITY, AFFORDED TO REGISTRATION TERMS OF EXERCISE OR SALE SECURITY NUMBER SOLD PURCHASERS CLAIMED CONVERSION --------------- ------------- --------------- ------------------------ ------------------ ---------------------- February 2009 Common 500,000 Shares $250,000; no

Section 4(2). A Not applicable. Stock commissions paid restrictive legend appears on each certificate. ---------------- -------------- ---------------- ------------------------ ------------------- ----------------------- February Common Stock 350,000 Services rendered; no Section 4(2). A Five year Warrants, 2009 Warrants commissions paid restrictive exercisable at $.80 legend appears on per share each certificate. ---------------- -------------- ---------------- ------------------------ ------------------- ----------------------- April 2009 Common 100,000 Services rendered; Section 4(2). A Five year Options, Stock no commissions paid restrictive exercisable at $.90 Options legend appears on per share each certificate. ---------------- -------------- ---------------- ------------------------ ------------------- ----------------------- _______________ (b) Rule 463 of the Securities Act is not applicable to the Company. (c) In the three months ended March 31, 2009, there were no repurchases by the Company of its Common Stock. However, in April 2009, a consultant of the Company agreed to cancel 50% of his options to purchase 1,000,000 shares and to proportionately adjust his vesting schedule. ITEM 3. DEFAULTS UPON SENIOR SECURITIES Not applicable. ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS: Not applicable. ITEM 5. OTHER INFORMATION: The Company has outstanding Class A and Class B Common Stock Purchase Warrants to purchase an aggregate of 737,000 shares of Common Stock, exercisable at $2.00 per share. The expiration date of the Class A and Class B Warrants has been extended to the close of business on July 1, 2009. 18 ITEM 6. EXHIBITS: Except for the exhibits listed below as filed herewith or unless otherwise noted, all other required exhibits have been previously filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, on Form 10-SB, as amended (file no. 000-51160). Exhibit Number Description ------ ----------- 3.1 Articles of Incorporation filed March 26, 1998 (1) 3.2 Amendment to Articles of Incorporation filed June 10, 1999 (1) 3.3 Amendment to Articles of Incorporation approved by stockholders on February 9, 2005(1) 3.4 Amended By-Laws (1) 10.1 Employment Agreement - Michael Trepeta (2) 10.2 Employment Agreement - Dean Julia (2) 10.3 Amendments to Employment Agreement - Michael Trepeta (5)(7) 10.4 Amendments to Employment Agreement - Dean L. Julia (5)(7) 10.5 Joint Venture Agreement with Atrium Enterprises Ltd. (6) 10.6 Agreement with Aon Consulting (6) 11.1 Statement re: Computation of per share earnings. See Statement of Operations and Notes to Financial Statements 14.1 Code of Ethics/Code of Conduct (5) 21.1 Subsidiaries of the Issuer - None in 2008 31.1 Chief Executive Officer Rule 13a-14(a)/15d-14(a) Certification (3) 31.2 Chief Financial Officer Rule 13a-14(a)/15d-14(a) Certification (3) 32.1 Chief Executive Officer Section 1350 Certification (3) 32.2 Chief Financial Officer Section 1350 Certification (3) 99.1 2005 Employee Benefit and Consulting Services Compensation Plan (2) 99.2 Form of Class A Warrant (2) 99.3 Form of Class B Warrant (2) 99.4 Amendment to 2005 Plan (4) 99.5 Form of Class C Warrant (8) 99.6 Release - 2008 First quarter Results of Operations (3) ----------- (1) Incorporated by reference to Registrant's Registration Statement on Form 10-SB as filed with the Commission on February 10, 2005. (2) Incorporated by reference to Registrant's Registration Statement on Form 10-SB/A as filed with the Commission March 18, 2005. (3) Filed herewith. (4) Incorporated by reference to the Registrant's Form 10-QSB/A filed with the Commission on August 18, 2005. (5) Incorporated by reference to the Registrant's Form 10-KSB for its fiscal year ended December 31, 2005. (6) Incorporated by reference to the Registrant's Form 10-KSB for its fiscal year ended December 31, 2006. (7) Incorporated by reference to the Registrant's Form 8-K dated September 21, 2007. (8) Incorporated by reference to the Registrant's Form 10-QSB for its quarter ended September 30, 2006. 19 SIGNATURES Pursuant to the requirements of 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, thereunto duly authorized. ACE MARKETING & PROMOTIONS, INC. Date: May 15, 2009 By: /s/ Dean L. Julia ----------------------------------- Dean L. Julia, Chief Executive Officer Date: May 15, 2009 By: /s/ Sean McDonnell ----------------------------------- Sean McDonnell, Chief Financial Officer 20