

SMITH E BERRY  
Form 4  
December 20, 2005

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
SMITH E BERRY

2. Issuer Name and Ticker or Trading Symbol  
TELKONET INC [TKO]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
20374 SENECA MEADOWS PARKWAY  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
08/06/2003

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Chief Financial Officer

GERMANTOWN, MD 20876  
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock par value \$0.001	08/06/2003		A <sup>(1)</sup>		1,107	A	\$ 0.55
Common Stock par value \$0.001	12/15/2003		G		319	D	\$ 2.55
Common Stock par value \$0.001	12/15/2003		G		319	D	\$ 2.55

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Common Stock par value \$0.001	12/15/2003	G	319	D	\$ 2.55	150	D
Common Stock par value \$0.001	12/15/2003	G	100	D	\$ 2.55	50	D
Common Stock par value \$0.001	12/15/2003	G	50	D	\$ 2.55	0	D
Common Stock par value \$0.001	02/27/2004	<u>A<sup>(1)</sup></u>	2,215	A	\$ 0.55	2,215	D
Common Stock par value \$0.001	03/01/2004	<u>A<sup>(2)</sup></u>	36,364	A	\$ 0.55	38,579	D
Common Stock par value \$0.001	03/23/2004	<u>X<sup>(3)</sup></u>	20,000	A	\$ 1	58,579	D
Common Stock par value \$0.001	04/22/2004	<u>X<sup>(4)</sup></u>	25,000	A	\$ 1	83,579	D
Common Stock par value \$0.001	04/22/2004	S	25,000	D	\$ 4.18	58,579	D
Common Stock par value \$0.001	12/21/2004	<u>X<sup>(4)</sup></u>	3,000	A	\$ 1	61,579	D
Common Stock par value \$0.001	12/21/2004	G	1,000	D	\$ 5.7	60,579	D
Common Stock par value \$0.001	12/21/2004	G	1,000	D	\$ 5.7	59,579	D
	12/21/2004	G	1,000	D	\$ 5.7	58,579	D

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Common Stock par value \$0.001							
Common Stock par value \$0.001	12/12/2005	S	58,579	D	\$ 4.72	0	D
Common Stock par value \$0.001	12/14/2005	X <sup>(4)</sup>	31,000	A	\$ 1	31,000	D
Common Stock par value \$0.001	12/14/2005	G	1,000	D	\$ 4.55	30,000	D
Common Stock par value \$0.001	12/14/2005	G	10,000	D	\$ 4.55	20,000	D
Common Stock par value \$0.001	12/14/2005	G	10,000	D	\$ 4.55	10,000	D
Common Stock par value \$0.001	12/14/2005	G	10,000	D	\$ 4.55	0	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number

									of Shares
Option to purchase	\$ 1	04/23/2004	X	25,000	03/31/2003	01/01/2013	Common Stock	25,000	
Option to purchase	\$ 1	12/21/2004	X	3,000	03/31/2003	01/01/2013	Common Stock	3,000	
Option to purchase	\$ 1	12/14/2005	X	31,000	06/30/2003	01/01/2013	Common Stock	31,000	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SMITH E BERRY 20374 SENECA MEADOWS PARKWAY GERMANTOWN, MD 20876			Chief Financial Officer	

## Signatures

/s/ E. Barry  
Smith

12/20/2005

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares issued in payment of interest on Series B Convertible Debenture.
- (2) Series B Debenture Conversion.
- (3) Warrants exercised in connection with Series B Debenture Conversion.
- (4) Stock options exercised.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.