

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

May 31, 2006  
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(Date of earliest event reported)

TELKONET, INC.

(Exact Name of Registrant as Specified in Its Charter)

Utah

(State or Other Jurisdiction of Incorporation)

000-27305

(Commission File No.)

87-0627421

(I.R.S. Employer Identification No.)

20374 Seneca Meadows Parkway, Germantown, Maryland 20876

(Address of Principal Executive Offices)

(240)-912-1800

(Registrant's Telephone Number)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

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**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On June 6, 2006, Telkonet, Inc. (Amex: TKO), announced that E. Barry Smith, the Company's Chief Financial Officer, resigned to pursue other opportunities.

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial statements of Business Acquired.

None.

(b) Pro forma financial information.

None.

(c) Shell Company Transactions.

None.

(d) Exhibits.

99 Press release dated June 6, 2006 announcing the resignation of E. Barry Smith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TELKONET, INC.

Date: June 6, 2006

By: /s/ Ronald W. Pickett

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Ronald W. Pickett  
Chief Executive Officer

## RELEASE

CONFIDENTIAL DRAFT

For Immediate Release: June 6, 2006

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### Telkonet Commences CFO Search

**Germantown, MD, Telkonet, Inc. (Amex: TKO), the leader in providing in-building broadband access over existing electrical wiring,** today announced that the Company has commenced a search for a Chief Financial Officer to succeed E. Barry Smith, who notified its Board of Directors on May 31, 2006 of his intent to resign as CFO of the Company effective June 30, 2006. In the interim, Richard Leimbach, the Controller, has been promoted to Vice-President of Finance to continue the management of the financial organization for the Company. Mr. Smith has offered his assistance during the transition.

Mr. Smith joined Telkonet in February 2003. "Barry has made a significant contribution over the last three years to the Company's development, during which time his commitment to the Company required him to commute from his residence in West Chester, PA to Telkonet's corporate headquarters in Germantown, Maryland. Barry's increasing family commitments and his travel away from home were the reasons for his departure," said Telkonet President & CEO Ronald W. Pickett.

Mr. Smith stated, "Telkonet is well positioned for growth and I sincerely appreciate having had the opportunity to contribute to its accomplishments. During my time with Telkonet, there were no disagreements between me and the Company's management with respect to any matter of accounting principles or practices. I am ending my tenure with Telkonet amicably and the decision to leave was a difficult one. I am looking forward to the opportunity to devote more time to my family."

#### About Telkonet

Telkonet Inc. (Amex: TKO) develops products that provide connectivity over existing electrical wiring and do not require the costly installation of additional wiring or major disruption of business activity. Telkonet's products are designed for use in commercial and residential applications, including multi-dwelling units and the hospitality and government markets. For more information, please visit [www.telkonet.com](http://www.telkonet.com).

Statements included in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks and uncertainties such as competitive factors, technological development, market demand and the Company's ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues in the sponsoring client. Further information on potential factors that could affect the Company's financial results, can be found in the Company's Registration Statement and in its Reports on Forms 8-K filed with the Securities and Exchange Commission (SEC).

#### Contacts:

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