

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB/A Number 1

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

For the fiscal year ended December 31, 2000

OR

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the transition period from to

Commission file number 333-75137

PASW, INC.

(formerly Pacific Softworks, Inc.)

(Name of Small Business Issuer in Its Charter)

California

77-0390628

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

2007 Simsbury Court

Thousand Oaks, California 91360

(Address of Principal Executive Offices) (Zip Code)

Issuer's Telephone Number: (805) 492-6623

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

None

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

Common Stock, \$0.001 Par Value

(Title of class)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB

The issuer's revenues for the most recent fiscal year were \$ 785,156.

The aggregate market value of the voting and non-voting common equity held by non-affiliates, based upon the average

bid and asked prices of the Common Stock on March 26, 2001 was \$ 1,344,400. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the issuer's Common Stock, as of March 26, 2001 was 4,517,400.

Explanatory Note: This Form 10-KSB/A Number 1 is being filed in order to include information required by Items 9-12 originally intended to be incorporated by reference to the information to be included in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

EXECUTIVE OFFICERS AND DIRECTORS

<u>Name</u>	<u>Age</u>	<u>Position</u>
William E. Sliney	62	Chairman, President and Chief Financial Officer
Wayne T. Grau	52	Director
Reg J. Greenslade	37	Director (1)
Joseph Lechman	33	Secretary

William E. Sliney. Mr. Sliney has been our chairman since October 2000, president since December 1999 and chief financial officer since April 1999. Before joining us, Mr. Sliney was the chief financial officer for Legacy Software Inc. from 1995 to 1998. From 1993 to 1994, Mr. Sliney was chief executive officer for Gumps. Mr. Sliney received his masters in business administration from the University of California at Los Angeles.

Wayne T. Grau. Mr. Grau has been a director of PASW since January 1999. He has been the president and chief executive officer of Fielding Electric, Inc. since 1981. Mr. Grau is currently a member of the Los Angeles Chapter membership committee of the National Electrical Contractors Association, a trustee for the Joint Apprenticeship Training Committee and a trustee for the Los Angeles Electrical Training Trust.

Reg J. Greenslade. Mr. Greenslade has been a director of PASW since February 2001 He is the President of Big Horn Resources, an oil and gas exploration company, since 1995. Prior to that Mr. Greenslade held senior positions with several intermediate and senior oil and gas corporations. He has been extensively involved in oilfield operations and is recognized for his work in the specialized field of horizontal well technology. Mr. Greenslade received his Bachelor of Science in Mechanical Engineering with a minor in Industrial Management and Engineering from Montana State University. He is a member of the Association of Professional Engineers (APEGGA) and of the Canadian Institute of Mining, Metallurgy and Petroleum.

Joseph Lechman. Mr. Lechman has been our secretary since March 1999. He is a principal in the law firm of Gose & Lechman and has been practicing law in Ventura County, California since 1991. Mr. Lechman received his Bachelor of Arts degree in business administration from California State University at Fullerton. He received his Juris Doctorate from Pepperdine University School of Law and obtained a masters of law in taxation from the New York University School of Law. He was admitted to the State Bar of California in 1990.

(1) Mr. Greenslade was elected a director on February 8, 2001.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of Common Stock and other

equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2000, all officers, directors and greater than ten percent beneficial owners listed in the above table failed to comply with the following Section 16(a) filing requirements: all parties failed to file a Form 3 reflecting their initial statements of beneficial ownership of equity securities, and all parties failed to file their annual statements on Form 5. As of February 29, 2001 all delinquent forms had been filed by all parties.

ITEM 10. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION AND OTHER MATTERS

The following table sets forth the compensation earned for services rendered to PASW in all capacities for the three most recently completed years by our Chief Executive Officer and our other most highly compensated executive officers whose salary and bonus during the year ended December 31, 2000 exceeded \$100,000.

Summary Compensation Table

<u>Name and principal position</u>	<u>Year ended</u>	<u>Annual compensation</u> <u>Salary Bonus</u>		<u>Long-term compensation awards</u> <u>Securities underlying options</u>	<u>All other compensation</u>
-				-	
-					
-					
-					
-					
Glenn P. Russell (1) (2)	2000	168,345	-	-	-
Chairman	1999	190,000	-	30,000	-
	1998	207,692	-	-	80,637
William E. Sliney (3)	2000	105,313	-	87,000	-
Chairman, President and	1999	87,087	-	312,000	-
Chief Financial Officer	1998	-	-	-	-
Mark Sewell (4)	2000	108,993	-	-	-
Vice President - Business	1999	145,049	-	12,000	-
Development	1998	134,823	-	70,000	-
Sandra J. Garcia (4)	2000	135,279	-	-	-
Vice President – Sales	1999	134,316	-	12,000	-

	1998	120,443	-	70,000	-
<ol style="list-style-type: none"> 1. Mr. Russell resigned as Chairman in November 2000. 2. Other compensation for Mr. Russell represents payments made to him in excess of his base salary while PASW was a subchapter S Corporation. In February 1999, PASW terminated the subchapter S election and became subject to taxation at the corporate level. 3. Mr. Sliney commenced employment in April 1999 and became Chairman in November 2000. His annual salary is \$125,000. In the year ended December 31, 2000, 300,000 of the options granted to Mr. Sliney in 1999 were cancelled and replaced with 75,000 fully vested options at \$2.50 expiring in November 2004. 4. Mr. Sewell and Ms. Garcia both terminated their employment with PASW in August 2000 as a result of the sale of the Pacific Softworks subsidiary. 					

Option Grants in Last Fiscal Year

The following table sets forth certain information with respect to stock options granted to Executive Officers in 2000. The figures representing percentages of total options granted to employees in the fiscal year 2000 are based on an aggregate of 262,240 options granted by us during the year ended December 31, 2000 to our employees and consultants, including the Named Executive Officers.

In the table potential realizable values are based on assumed rates of appreciation over the term of the option from the date of grant. These values are calculated assuming the fair market value of common stock on the date of grant appreciates at the indicated annual rate compounded annually for the entire term of the option and that the option is exercised and sold on the last day of the term for the appreciated stock price. These assumed rates are based on Securities and Exchange Commission requirements and do not reflect our projections or estimates of future stock price growth. Actual gains, if any, will depend on the future performance of our common stock.

Unless otherwise indicated the options in this table were granted under the 1998 equity incentive program, have 5-year terms and are fully vested. All of the options have exercise prices equal to the fair market value of our common stock on the date of grant.

Option Grants during Year Ended December 31, 2000

Name	Number of securities underlying options Granted	Percent of total options granted to employees in fiscal year	Exercise price	Expiration date	Potential realizable value at assumed annual rates of stock price appreciation for option term	
					5% (\$)	10% (\$)
William E. Sliney	75,000	29%	\$2.50	12/01/04	\$51,803	\$114,470

Aggregate Option Exercises in Last Fiscal Year

The following table summarizes the value of options held at December 31, 2000 by our Executive Officers. The value of unexercised in-the-money options in the right-hand columns are based on the difference between the fair market value of \$0.38 per share at year-end and the per-share exercise price, multiplied by the number of shares issued upon exercise of the option.

Name	Number of shares acquired	Value	Number of securities underlying unexercised options at year end		Value of unexercised in-the-money options at year end	
	<u>upon exercise</u>	<u>Realized</u>	<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Glenn P. Russell	-	-	10,200	19,800	-	-
William E. Sliney	-	-	79,080	7,920	-	-
Mark Sewell	-	-	70,000	-	-	-
Sandra J. Garcia	-	-	53,500	-	-	-

REPORT OF THE COMPENSATION COMMITTEE

Appointed in February 1999, the Compensation Committee is charged with the responsibility of reviewing all aspects of the Company's executive compensation programs and administering the Company's stock option plans. The Compensation Committee held one meeting during 2000.

Compensation Philosophy

The Company's executive compensation policies are designed to attract and retain qualified executives who will contribute to the Company's long-term success, to reward executives for achieving the Company's financial goals, and to link executive compensation and stockholder interests through equity-based plans. The Committee believes that strong financial performance, on a sustained basis, is the most certain avenue through which the Company can positively affect long-term stockholder return. Furthermore, the Committee believes that, in order to attract and retain the most qualified executives in the industry, the Company's compensation policies must be competitive with other companies of comparable size and in similar industries and must reinforce strategic performance objectives through the use of incentive compensation programs. In order to provide incentive to executive officers, a portion of their annual compensation is paid as a bonus. The amount of the bonus for each person is determined on the basis of several indicators of corporate performance as outlined below.

Compensation Plans

The following are the key components of the Company's executive officer compensation:

Base Compensation. The Committee will establish base salaries for executive officers based on its review of base salaries of executive officers in companies of comparable size and in similar industries.

Bonus. The Company's executive bonus plan provides for incentive compensation to some but not all Company's executive officers and other key employees and will be determined by principally on certain performance measures. The performance measures include worldwide corporate performance and individual performance. Worldwide performance is measured based on targets with respect to the Company's revenue, days sales outstanding, return on products and other factors. The Committee believes that these factors are indicative of overall corporate performance and stockholder value. Individual performance is measured based on goals related to each person's function within the organization.

Long-Term Incentive Compensation. The Company's option plans provide for long-term incentive compensation for employees of the Company, including executive officers. These awards give employees an equity interest in the Company, thereby aligning the interests of executive officers and stockholders and providing incentive to maximize

stockholder value.

The Compensation Committee

Wayne Grau Reuben Sandler, Ph.D.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended or the Securities and Exchange Act of 1934, as amended (the "Exchange Act") that might incorporate future filings, including this Proxy Statement, in whole or in part, the preceding Compensation Committee Report on Executive Compensation shall not be incorporated by reference into any such filings, nor shall such Report be incorporated by reference into any future filings.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of December 31, 2000 for:

- each person who is known to own beneficially more than 5% of our outstanding common stock,
- each of our executive officers and directors and
- all executive officers and directors as a group.

The percentage of beneficial ownership for the following table is based on 4,517,400 shares of common stock outstanding on December 31, 2000.

Unless otherwise indicated below, to our knowledge, all persons and entities listed below have sole voting and investment power over their shares of common stock, except to the extent that individuals share authority with spouses under applicable law.

Shares of common stock not outstanding but deemed beneficially owned because an individual has the right to acquire the shares of common stock within 60 days are treated as outstanding when determining the amount and percentage of common stock owned by that individual and by all directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares of common stock shown.

	Number of shares beneficially owned	Percentage of shares outstanding
<u>Name and address of beneficial owner</u>		
Glenn P. Russell 31332 Via Colinas Suite 108 Westlake Village, CA 91362	3,011,400	66.7%
William E. Sliney	79,560	1.7%
Wayne T. Grau	15,000	*
Reginald J. Greenslade	-	*
All directors and executive officers as a group (3 persons)	94,560	2.1%

* Less than 1%.

The address of each officer and director for PASW, Inc. before the SES reverse acquisition is 2007 Simsbury Court, Thousand Oaks, California 91360.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In March 1996, PASW agreed with a former officer, director and principal stockholder to a buyout of his employment agreement and Glenn P. Russell agreed to purchase all of that former officer's shares of common stock of PASW. PASW and that former officer also entered into a consulting agreement and that former officer agreed not to compete with PASW. PASW paid the former officer \$ 257,143 and \$314,286 for 1999 and 1998, respectively. As of December 31, 2000 the Company has satisfied its obligations to the former officer in full.

In December 1998, Luke Systems International, a company controlled by the spouse of Glenn P. Russell, loaned PASW \$100,000 interest free. In March 1999, PASW repaid the loan.

During 1998 and a portion of 1999 Company subleased a portion of the premises to Luke Systems International. The Company believes that the terms of Luke's occupancy are favorable to the Company. This affiliated company relocated to other premises before September 30, 1999.

At July 1, 1999 the Company owed a bank approximately \$250,000 for advances that were obtained under a line of credit. Glenn P. Russell has provided our bank with his personal guarantee and the Company has collateralized our accounts receivable as security for these advances. This amount was repaid in August 1999.

During 1996, 1997 and 1998 we employed Glenn P. Russell's mother, a resident of the United Kingdom, to perform various administrative and managerial tasks for us within that country. We paid her \$105,769 in 1998. She ceased to be our employee in the fall of 1998.

PASW believes that the transactions described above, other than the employment of the mother of Glenn P. Russell, were made on terms no less favorable to PASW than could have been obtained from unaffiliated third parties.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PASW, Inc.

(Registrant)

Date: April 27, 2001 By: William E. Sliney

Chairman

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>William E. Sliney</u>	Chairman, President and Chief Financial Officer	<u>04/27/01</u>
<u>Wayne T. Grau</u>	Director	<u>04/27/01</u>
<u>Reg J. Greenslade</u>	Director	<u>04/27/01</u>

