
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report (date of earliest event reported): **May 25, 2006**

COMMUNICATIONS SYSTEMS, INC.

(Exact name of Registrant as specified in its charter)

Minnesota
(State or other jurisdiction of
incorporation)

001-31588
(Commission File Number)

41-0957999
(I.R.S. Employer Identification
No.)

213 South Main Street
Hector, MN
(Address of principal executive offices)

55342
(Zip Code)

Registrant's telephone number, including area code **(320) 848-6231**

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-2)
- 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))

Sections 1, 2, 4-8 are not applicable and therefore omitted.

ITEM 3.01 NOTICE OF DELISTING OR FAILURE TO SATISFY A CONTINUED LISTING RULE OR STANDARD; TRANSFER OF LISTING

On May 22 2006, Communications Systems, Inc. (the "Company") publicly reported that management of the Company and its Audit Committee determined to defer filing the Company's Quarterly Report on Form 10-Q for its first quarter ended March 31, 2006 until information related to a government investigation and related reviews publicly disclosed on March 15, 2006 could be gathered and assessed and the Company's independent registered public accounting firm completed its review of the Form 10-Q as required by Rule 10-01 of Regulation S-X under the Securities Exchange Act of 1934. The Company's public announcement and related Report on Form 8-K also discussed that the failure to file the Form 10-Q was a deficiency under the rules of the American Stock Exchange (AMEX) where the Company's common stock is traded.

On May 25, 2006 the Company received a letter from the AMEX advising the Company that because it had not filed its Form 10-Q report for the quarter ended March 31, 2006 it had not fulfilled a condition for continued listing of its securities as required by Sections 134 and 1101 of the AMEX Company Guide and was in material violation of its listing agreement with AMEX. In its May 25, 2006 letter AMEX advised the Company that, pursuant to Section 1003(d) of the Company Guide, AMEX was authorized to suspend and, unless prompt corrective action was taken, to remove the Company's securities from AMEX.

The May 25, 2006 letter from AMEX also described procedures AMEX would follow to provide the Company with the opportunity to achieve compliance with AMEX's continued listing standards. In its letter the AMEX stated that, no later than June 8, 2006, the Company must submit a plan to AMEX as to actions the Company has taken and intends to take to achieve compliance with AMEX's continued listing standards by July 6, 2006. The Company intends to submit the plan AMEX has requested by the June 8 deadline. If, after review by the Listings Qualifications Department of AMEX, the plan is accepted, the Company is advised that it will remain listed on AMEX until July 6, during which time, however, it will be subject to periodic review by AMEX staff to determine whether the Company is making progress consistent with the plan. If the Company does not submit a plan, or submits a plan that is not accepted by AMEX, it will be subject to delisting proceedings. If the plan is accepted, but the Company does not achieve compliance with AMEX's continued listing standards by July 6, 2006, or the Company does not make progress consistent with the plan during the plan period, AMEX may initiate delisting proceedings as appropriate.

A copy of the letter from AMEX is attached hereto as Exhibit 99.1 and a copy of the Company's press release announcing receipt of the letter is attached as Exhibit 99.2.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

The following are filed as exhibits to this Current Report:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Letter from the American Stock Exchange (AMEX) dated May 25, 2006
99.2	Press Release issued May 31, 2006 reporting receipt of letter from AMEX

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, thereunto duly authorized.

COMMUNICATIONS SYSTEMS, INC.

By /s/ Paul N. Hanson
Paul N. Hanson
Vice President and Chief Financial Officer

American Stock Exchange
86 Trinity Place
New York, NY 10006-1872

James F. Mollen
Director – Listing Qualifications
T 212 306 2391
F 212 306 5359
james.mollen@amex.com

May 25, 2006

Mr. Paul N. Hanson
Vice President and Chief Financial Officer
Communications Systems, Inc.
213 South Main Street
Hector, MN 55342

Dear Mr. Hanson:

The American Stock Exchange (the “Amex” or “Exchange”), as a self-regulatory organization, has the responsibility to provide a fair and orderly marketplace to issuers and to the investing public. Included in these responsibilities is the obligation to take appropriate steps to ensure that companies listed on the Amex market comply with applicable continued listing standards. Investors in companies listed on the Amex have a reasonable expectation that those companies comply with such listing standards or, at a minimum, have a plan in place to return to compliance within a specified time.

A review of the Securities and Exchange Commission’s (the “SEC”) EDGAR database, as well as telephone conversations with Communications Systems, Inc.’s (the “Company”) representatives, indicates that the Company has yet to file its Form 10-Q for the quarter ended March 31, 2006. The timely filing of such reports is a condition for the Company’s continued listing on the Exchange, as required by Sections 134 and 1101 of the Amex Company Guide (the “Company Guide”).(1) In addition, the Company’s failure to timely file these reports is a material violation of its listing agreement with the Exchange and therefore, pursuant to Section 1003(d) of the Company Guide, the Exchange is authorized to suspend and, unless prompt corrective action is taken, remove the Company’s securities from the Exchange.

As a result of the foregoing, the Company has become subject to the procedures and requirements of Section 1009 of the Company Guide. Accordingly, the Company must contract me at the telephone number above or Diana Dodi at (212) 306-2396 by May 31, 2006, to confirm receipt of this letter, discuss any new developments of which the Exchange staff may be unaware, and indicate whether or not it intends to submit a plan of compliance as discussed below.

In order to maintain its Amex listing, the Company must submit a plan by June 8, 2006, advising the Exchange of action it has taken, or will take, that would bring the Company into compliance with Sections 134 and 1101 of the Company Guide by no later than July 6, 2006 (the “Plan”). The Plan should include any specific milestones and details related to completion of the filings, including any applicable documentation. The Listings Qualifications Department management will evaluate the Plan, including any supporting documentation, and make a determination as to whether the Company has made a reasonable demonstration in the Plan of an ability to regain compliance with all applicable continued listing standards by July 6, 2006, in which case the Plan will be accepted. If the Plan is accepted, the Company will remain listed during the plan period, during which time it will be subject to periodic review to determine whether it is making progress consistent with the Plan.(2) Please be advised that, if the Company does not submit a plan, or submits a plan that is not accepted, it will be subject to delisting proceedings. Furthermore, if the plan is accepted but the Company is not in compliance with the continued listing standards by July 6, 2006 or does not

(1) The Amex Company Guide may be accessed at www.amex.com

(2) In the event the Company’s plan of compliance is accepted, the Company will be required to issue a press release disclosing the fact that it is not in compliance with the continued listing standards of the Amex and that its listing is being continued pursuant to an extension. The press release must be issued within five (5) business days from notification that the Plan has been accepted.

make progress consistent with the plan during the plan period, the Exchange staff will initiate delisting proceedings as appropriate. The Company may appeal a staff determination to initiate delisting proceedings in accordance with Section 1010 and Part 12 of the Company Guide.

This letter constitutes notice of a failure to satisfy certain of the Exchange’s continued listing standards. The Company is therefore required to file a current report on Form 8-K pursuant to Item 3.01 of that Form within the requisite time periods. The Company must also issue a press release, pursuant to Section 402 of the Company Guide, contemporaneously with the filing of the Form 8-K that discloses receipt of this letter and the fact that it is not in compliance with the specified provisions of the Amex continued listing standards.(3) Please note, however, that satisfying these filing and publication requirements does not relieve the Company of its obligation to assess the materiality of this letter on an ongoing basis under the federal securities laws nor does it provide a safe harbor under the federal securities laws or otherwise. Accordingly, the Company should consult with securities counsel regarding disclosure and other obligations mandated by law.

Additionally, please be advised that within five days of the date of this letter, the Company will be included in a list of issuers that are not in compliance with the Exchange’s continued listing standards. This list is posted daily on www.amex.com and includes the specific listing standard(s) that the company is not compliant with. Furthermore, the Exchange is utilizing the financial status indicator fields in the Consolidate Tape Association’s Consolidated Tape System (“CTS”) and Consolidated Quote Systems (“CQS”) Low Speed and High Speed Tapes to identify companies that are noncompliant with the Exchange’s continued listing standards and/or are delinquent with respect to a required federal securities law periodic filing. Therefore, the Company will become subject to the indicator .LF to denote its noncompliance.(4) The indicator will not change the Company’s trading symbol itself, but will be disseminated as an extension of the Company’s symbol on the CTS and CQS whenever the Company’s trading symbol is transmitted with a quotation or trade. Both the website posting and indicator will remain in effect until such time as the Company has regained compliance with all applicable continued listing standards.

This letter and any response may constitute non-public information in accordance with federal securities laws, and you may wish to consult with your legal counsel about the Company’s obligations in this regard. The only designated representatives at the Exchange with which this matter should be discussed are staff members of the Listing Qualifications and StockWatch Departments. Further, as I am sure you are aware, pursuant to Section 910 of the Company Guide, Amex Specialists must be treated as members of the public and, accordingly, no non-public information should be discussed with or otherwise disclosed to the Company’s specialist.

The Amex remains hopeful that the Company will be able to maintain its listing. If you are in need of any assistance in this matter, please do not hesitate to contact me at the telephone number above or Diana Dodi at (212) 306-2396.

Sincerely,

(3) This notice should be provided to the Amex StockWatch Department (telephone: 212-306-8383; facsimile: 212-306-1488) and the Listing Qualifications Department (telephone: (212) 306-1331 facsimile: 212-306-5359).

(4) Please note that companies that do not comply with the Exchange's qualitative and quantitative continued listing standards will become subject to the website posting and indicator. BC.

Contact: Curtis A. Sampson, Chairman, President and Chief Executive Officer
Jeffrey K. Berg, President and Chief Operating Officer
Paul N. Hanson, Vice President-Finance

CSI NOTIFIED BY AMEX REGARDING NONCOMPLIANCE WITH CONTINUED LISTING STANDARDS

(Hector, Minnesota) — May 31, 2006 — Communications Systems, Inc. (AMEX: JCS) reported today that it has received a letter from the American Stock Exchange (AMEX) advising the Company that it was not in compliance with AMEX's continued listing standards because it has not filed a Form 10-Q report for the quarter ended March 31, 2006. The letter also described procedures AMEX would follow to provide the Company with the opportunity to achieve compliance with such standards.

In its letter the AMEX stated that, no later than June 8, the Company must submit a plan to AMEX as to actions the Company has taken and intends to take to achieve compliance with AMEX's continued listing standards by July 6, 2006. The Company intends to submit the plan AMEX has requested by the June 8 deadline. If, after review by the Listings Qualifications Department of AMEX, the plan is accepted, the Company will remain listed until July 6, during which time it will be subject to periodic review by AMEX staff to determine whether the Company is making progress consistent with the plan. If the Company does not submit a plan, or submits a plan that is not accepted by AMEX, it will be subject to delisting proceedings. If the plan is accepted, but the Company does not achieve compliance with AMEX's continued listing standards by July 6, 2006, or the Company does not make progress consistent with the plan during the plan period, AMEX may initiate delisting proceedings as appropriate.

Communications Systems, Inc. provides physical connectivity infrastructure and services for cost-effective broadband solutions and is a leading supplier of voice-grade connecting devices and wiring systems. CSI serves the broadband network market as the world's leading supplier of media conversion technology, which permits networks to deploy fiber optic technology, while retaining the copper-based infrastructure already embedded in the network. In addition, CSI supplies copper wire and fiber optic structured wiring systems for broadband networks, as well as line filters for digital subscriber line service. CSI also provides network design, training and management services.

Cautionary Statement: From time to time, in reports filed with the Securities and Exchange Commission, in press releases, and in other communications to shareholders or the investing public, the Company may make forward-looking statements concerning possible or anticipated future financial performance, business activities or plans which are typically

preceded by the words "believes," "expects," "anticipates," "intends" or similar expressions. For such forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in federal securities laws. Shareholders and the investing public should understand that such forward-looking statements are subject to risks and uncertainties which could cause actual performance, activities or plans to differ significantly from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to: lower sales to RBOCs and other major customers; competitive products and technologies; our ability to successfully reduce operating expenses at certain business units; the general health of the telecom sector; profitability of recent acquisitions; delays in new product introductions; higher than expected expense related to new sales and marketing initiatives; availability of adequate supplies of raw materials and components; fuel prices; and other factors discuss from time to time in the Company's filings with the Securities and Exchange Commission.
