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NETWORK INSTALLATION CORP

Form SB-2/A

December 10, 2003

File No. 333-109740

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

AMENDMENT 1
TO THE
FORM SB-2
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NETWORK INSTALLATION CORPORATION
(Name of small business issuer in its charter)

Nevada	7389	88-0390360
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(State or jurisdiction of incorporation or Organization	(Primary Standard Industrial Classification Code Number)	I.R.S. Employer Identification No.

18 Technology Drive, Suite 140A, Irvine, CA 92618
Telephone: (949)753-7551

(Address and telephone number of principal executive offices)

18 Technology Drive, Suite 140A, Irvine, CA 92618
Telephone: (949)753-7551

(Address of principal place of business or intended principal place of business)

Michael Cummings
Chief Executive Officer
18 Technology Drive
Suite 140A
Irvine, CA 92618
(949) 753-7551

(Name, address and telephone number of agent for service)

Copy to:

Amy M. Trombly
80 Dorcar Road
Newton, MA 02459
(617) 243-0850

Approximate date of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement

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for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. [X]

CALCUATION OF REGISTRATION FEE

Title of each . . .	Dollar	Proposed maximum	Proposed maximum	Amount
Class of securities.	Amount to be	offering price	aggregate offering	of registration
To be registered. . .	registered	per unit	price	fee
Common Stock, ...001 Par Value. . .	1,625,000	3.23	5,248,750	\$424.62

(1) Pursuant to Rule 416(a) of the Securities Act of 1933, as amended (the "Act"), this registration statement shall be deemed to cover additional securities that may be offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) The price of \$3.20 per share, which was the average of the high and low prices of the Registrant's Common Stock, as reported on the Over-The-Counter Bulletin Board on October 9, 2003 is set forth solely for purposes of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, as amended.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

PROSPECTUS

NETWORK INSTALLATION CORPORATION OFFERING UP TO 1,625,000 COMMON SHARES

This prospectus relates to the resale of up to 1,625,000 shares of our common stock by current stockholders and by C.C.R.I. who may acquire our common stock pursuant to the exercise of warrants and by Preston Capital Partners, LLC, which

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will become a stockholder pursuant to a "put right" under an Investment Agreement, also referred to as an Equity Line of Credit, that we have entered into with Preston Capital. A "put right" permits us to require Preston Capital to buy shares pursuant to the terms of the Investment Agreement. That Investment Agreement permits us to "put" up to \$2.5 million in shares of our common stock to Preston Capital. We are not selling any securities in this offering and therefore will not receive any proceeds from this offering. We will, however, receive proceeds from the sale of securities pursuant to our exercise of the put right and possible future exercise of the warrants held by C.C.R.I. All costs associated with this registration will be borne by us.

The selling shareholders consist of:

Dutchess Advisors, Ltd.	200,000	shares
Dutchess Private Equities Fund, LP	200,000	shares
Michael Cummings	100,000	shares
Marketbyte, LLC	125,000	shares
Preston Capital Partners, LLC	900,000	shares
C.C.R.I Corp.	100,000	shares

The shares of common stock are being offered for sale by the selling stockholders at prices established on the Over-the-Counter Bulletin Board or in negotiated transactions during the term of this offering. Our common stock is quoted on the Over-the-Counter Bulletin Board under the symbol NWIS.OB. On December 9, 2003, the last reported sale price of our common stock was \$3.60 per share.

Preston Capital and Park Capital Securities, LLC are "underwriters" within the meaning of the Securities Act of 1933, as amended, in connection with the resale of our common stock under the Investment Agreement. Preston Capital will pay us 95% of the average of the four lowest closing bid prices of the common stock during the five consecutive trading day period immediately following the date of our notice to them of our election to put shares pursuant to the Equity Line of Credit. The shares held by Dutchess Advisors, Ltd, Dutchess Private Equities Fund, L.P., Michael Cummings, and Marketbyte, LLC were issued by us in prior private placements. With the exception of Preston Capital and Park Capital Securities, no other underwriter or person has been engaged to facilitate the sale of shares of our common stock in this offering.

This investment involves a high degree of risk. You should purchase securities only if you can afford a complete loss.

SEE "RISK FACTORS" BEGINNING ON PAGE 6.

You should rely only on the information provided in this prospectus or any supplement to this prospectus and information incorporated by reference. We have not authorized anyone else to provide you with different information. Neither the delivery of this prospectus nor any distribution of the shares of common stock pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. It is a criminal offense to make any representation to the contrary.

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Subject to Completion, the date of this prospectus is December 10, 2003.

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PROSPECTUS SUMMARY

The following information is a summary, of the prospectus and it does not contain all of the information you should consider before making an investment decision. You should read the entire prospectus carefully, including the financial statements and the notes relating to the financial statements.

Our Company

We are a project engineering company that designs and installs specialty communication systems for data, voice, video and telecom. We determine our clients' requirements by doing a need analysis and site audit. Then we implement our design and specification of the specialty communication system, which may include Wireless Fidelity, or Wi-Fi, with the deployment of a fixed Wireless Local Area Network, or WLAN. We believe we can integrate superior solutions across a vast majority of communication requirements because we have experts in each aspect of communication services from the design, project management, and installation of our products through the maintaining of our products.

We have a two-pronged approach to our business model. One is the continued focus on our core competency of project management services which entails inventory management, maintaining project timelines, auditing completed work and quality assurance of projects in wired networking infrastructure, design, installation and support of communications solutions. Second, is to leverage that expertise in our pursuit of the infrastructure build-out of Wi-Fi and WLAN. With our experience and expertise in the wired networking infrastructure industry, we can design, manage, install and service our wireless customers with the same processes, personnel and management. Many of our competitors are new to deploying wireless infrastructure and have never installed any type of

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infrastructure. We believe we can leverage our expertise to compete in this new technology.

How to Contact Us

Our executive offices are located at 18 Technology Drive, Suite 140A, Irvine, CA 92618. Our phone number is (949) 753-7551.

Sales By Our Selling Stockholders

This prospectus relates to the resale of up to 1,625,000 shares of our common stock by four stockholders, C.C.R.I who may acquire shares of our common stock by exercising warrants and Preston Capital, who will become a stockholder pursuant our Investment Agreement.

The table below sets forth the shares that we are registering pursuant to the Registration Statement to which this prospectus is a part:

Stockholder	Number of Shares(1)
-----	-----
Dutchess Advisors, Ltd.	200,000 shares
Dutchess Private Equities Fund, LP	200,000 shares
Michael Cummings	100,000 shares
Marketbyte, LLC	125,000 shares
Preston Capital Partners, LLC	900,000 shares
C.C.R.I Corp.	100,000 shares
Total common stock being registered	1,625,000 shares

(1) For the purpose of determining the number of shares subject to registration with the Securities and Exchange Commission, we have assumed that we will issue not more than 900,000 shares pursuant to the exercise of our put right under the Investment Agreement, although the number of shares that we will actually issue pursuant to that put right may be more than or less than 900,000, depending on the trading price of our common stock. We currently have no intent to exercise the put right in a manner that would result in our issuance of more than 900,000 shares, but if we were to exercise the put right in that manner, we would be required to file a subsequent registration statement with the Securities and Exchange Commission and for that registration statement to be deemed effective prior to the issuance of any such additional shares.

C.C.R.I. holds two warrants to purchase our common stock. Warrant 101 allows C.C.R.I. to purchase up to a total of 50,000 shares of our common stock at an exercise price equal to \$5.00 per share. Warrant 102 allows C.C.R.I. to purchase up to a total of 50,000 shares of our common stock at an exercise price equal to \$7.50 per share. The Warrants expire five years after the date of their issuance on September 29, 2008.

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The Offering

Common stock offered 1,625,000 shares

Use of proceeds We will not receive any proceeds from the sale by the selling stockholders of our common stock. We will receive proceeds from our Investment Agreement with Preston Capital and the exercise of warrants. The proceeds from our exercise of the put right pursuant to the Investment Agreement will be

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used for working capital and general corporate expenses, expansion of our internal operations and potential acquisition costs. See "Use of Proceeds."

Symbol for our common stock Our common stock trades on the
OTCBB Market under the symbol
"NWIS.OB"

The Investment Agreement

The Investment Agreement we have with Preston Capital allows us to "put" to Preston Capital at least \$10,000, but no more than \$100,000. The purchase price for our common stock identified in the Put Notice shall be equal to 95% of the average of four lowest posted bid prices of our common stock during the five days after we deliver the put notice to Preston Capital. We can initiate a new put after we close on the prior put.

Preston Capital will only purchase shares when we meet the following conditions:

- a registration statement has been declared effective and remains effective for the resale of the common stock subject to the Equity Line;
- our common stock has not been suspended from trading for a period of five consecutive trading days and we have not have been notified of any pending or threatened proceeding or other action to delist or suspend our common stock;
- we have complied with our obligations under the Investment Agreement and the Registration Rights Agreement;
- no injunction has been issued and remain in force, or action commenced by a governmental authority which has not been stayed or abandoned, prohibiting the purchase or the issuance of our common stock;
- the registration statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated or necessary to make the statements not misleading or which would require public disclosure or an update supplement to the prospectus; and
- We have not filed a petition in bankruptcy, either voluntarily or involuntarily, and there shall not have commenced any proceedings under any bankruptcy or insolvency laws.

The Investment Agreement will terminate when any of the following events occur:

- Preston Capital has purchased an aggregate of \$2,500,000 of our common stock;
- 36 months after the SEC declares this registration statement effective;
- we file or otherwise enter an order for relief in bankruptcy;
- trading of our common stock is suspended for a period of 5 consecutive trading days;
- our common stock ceases to be registered under the 1934 Act.

Our Capital Structure and Shares Eligible for Future Sale

Shares of common stock outstanding as of September 30, 2003	12,616,330 (1)
Shares of common stock potentially issuable upon exercise of the put right to Preston Capital	900,000
Shares of common stock potentially issuable to C.C.R.I. upon exercise of the warrants	100,000 -----
Total	13,616,330