

PAONI ANTHONY J
Form 4
December 30, 2011

FORM 4

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

OMB APPROVAL

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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 *
PAONI ANTHONY J

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
34522 NORTH SCOTTSDALE ROAD, #435
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
12/30/2011

____ Director _____ 10% Owner
____ Officer (give title below) Other (specify below)
retired dir. a/o 11/30/2011

SCOTTSDALE,, AZ 85266

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

(City) (State) (Zip)

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)
				(A) or (D) Price			
Common Stock	12/30/2011		A	60,369 A 11	849,641	D	

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

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

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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)	8. Price of Derivative Security (Instr. 5)	9. Nu... Deriv... Secur... Bene... Own... Follo... Repo... Trans... (Instr...)
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PAONI ANTHONY J 34522 NORTH SCOTTSDALE ROAD #435 SCOTTSDALE,, AZ 85266				retired dir. a/o 11/30/2011

Signatures

/s/ James J. Shilling, power of attorney	12/30/2011
**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).
- Item 4, Table I -- Shares issued pursuant to the Telkonet, Inc. director compensation policy pursuant to which non-employee directors are compensated Five Thousand Dollars (\$5,000) per month to be accrued and paid through the quarterly issuance of unrestricted Telkonet, Inc. common stock, par value, \$0.001, each monthly component to be valued at the closing price of the Company's common stock as of (1) the 15th of such month (or as of the next succeeding business day if such date is not a trading date) rounded down to the nearest whole share. The shares reported here are for service in the months of October, November and December and are priced at \$0.15, \$.21 and \$0.155 per share, the closing price of a share of common stock on October 17, 2011, November 15, 2011 and December 15, 2011, respectively.

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.