

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
Registration Statement
Under
The Securities Act of 1933

USA TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in its Charter)

Pennsylvania
(State or other
jurisdiction of
incorporation or
organization)

7359
(Primary Standard Industrial
Classification Code Number)

23-2679963
(I.R.S. employer
Identification No.)

200 Plant Avenue
Wayne, Pennsylvania 19087
(Address of principal executive offices and zip code)

MICHAEL CARDASCIA CONSULTING AGREEMENT
(full title of the plan)

George R. Jensen, Jr.
President and Chief Executive Officer
USA Technologies, Inc.
200 Plant Avenue
Wayne, Pennsylvania 19087
(610) 989-0340
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:
Douglas M. Lurio, Esquire
Lurio & Associates
1760 Market Street, Suite 1300
Philadelphia, PA 19103
(215) 665-9300

CALCULATION OF REGISTRATION FEE

Title of Securities to be Offered	Amount to be Registered	Proposed Maximum Offering Price Per share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee(1)
-----	-----	-----	-----	-----
Common Stock	40,000	\$.56	\$22,400	\$ 73.92

(1) Estimated solely for purposes of calculating the registration fee. Pursuant to Rule 457(h), the offering price is based upon the average of the bid and asked price for the Common Stock on the OTC Electronic Bulletin Board on October 10, 1997. The registration fee represents 1/33 of 1% of the proposed maximum aggregate offering price.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

The Registrant's annual report on Form 10-KSB for the fiscal year ended June 30, 1997 is incorporated by reference in the Registration Statement and made a part hereof. All documents subsequently filed by the Registrant pursuant to Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents.

Item 4. Description of Securities

The Company is proceeding with the registration of 40,000 shares pursuant to an agreement with Michael Cardascia dated September 12, 1997. These shares are being issued for services to be rendered by Mr. Cardascia to the Company.

The Company is authorized to issue up to 55,000,000 shares of Common Stock, no par value ("Common Stock"), and 1,200,000 shares of undesignated Preferred Stock, all of which has been designated Series A Convertible Preferred Stock, no par value ("Preferred Stock").

As of June 30, 1997, there were 29,969,934 shares of Common Stock issued and outstanding.

The foregoing amount does not reflect shares of Common Stock issuable by the Company upon the conversion of the Preferred Stock or any accrued and unpaid dividends thereon. As of June 30, 1997, 861,205 shares of Preferred Stock were issued and outstanding and are convertible into 10,334,460 shares of Common Stock through December 31, 1997 and 8,612,050 shares of Common Stock thereafter. As of June 30, 1997, there were \$2,837,086 of accrued and unpaid dividends on the Preferred Stock which are convertible at the rate of \$.83 per share of Common Stock through December 31, 1997 (3,418,176 shares) and at the rate of \$1.00 per share of Common Stock thereafter (2,837,086 shares). Through June 30, 1997, a total of 45,345 shares of Preferred Stock have been converted into 485,550 shares of Common Stock and accrued and unpaid dividends thereon have been converted into 174,784 shares of Common Stock.

The foregoing amount also does not include the Common Stock issuable upon the exercise of the remaining 1,414,000 1995 Warrants, 1,998,000 1996 Warrants, 374,000 1996-B Warrants, 1,600,000 1997 Warrants or the 2,000,000 Warrants held by affiliates and/or consultants to GEM Advisors, Inc., issued and outstanding as of June 30, 1997.

The foregoing amount also does not include the Common Stock issuable upon the exercise of the outstanding stock options or purchase rights to acquire Common Stock. As of June 30, 1997, the Company has issued to its Directors, executive officers, consultants, and employees options to acquire up to 100,000 shares of Common Stock at \$.50 per share, options to acquire up to 1,236,000 shares of Common Stock at \$.45 per share, options to acquire up to 2,565,000 shares of Common Stock at \$.25 per share, and options to acquire up to 70,000 shares of Common Stock at \$.05 per share. The Company has also issued purchase rights to acquire up to 157,300 shares of Common Stock at \$1.00 per share. All options to purchase Common Stock were granted at prices at or above the market value on the date of the grant.

The holder of each share of Common Stock is entitled to one vote on all matters submitted to a vote of the shareholders of the Company, including the election of directors. There is no cumulative voting for directors.

The holders of Common Stock are entitled to receive such dividends as the Board of Directors may from time to time declare out of funds legally available for payment of dividends. No dividends may be paid on the Common Stock until all accumulated and unpaid cumulative dividends on the Series A Preferred Stock have been paid. Upon any liquidation, dissolution or winding up of the Company, holders of shares of Common Stock are entitled to receive pro rata all assets of the Company available for distribution, subject to the liquidation preference of the Series A Preferred Stock of \$10.00 per share and any unpaid and accumulated dividends on the Series A Preferred Stock. Shareholders of the Company do not have any preemptive rights to subscribe for or purchase shares, obligations, warrants, or other securities of the Company.

Recent Developments

During the fiscal quarter ended September 30, 1997, the Company incurred operating losses of approximately \$625,000 (unaudited).

Authorized Shares Exceeded

As of June 30, 1997, on a fully converted basis, the Company would have 55,236,870 shares of Common Stock issued and outstanding. This amount exceeds the authorized number of shares of Common Stock of 55,000,000 by 236,870 shares. As of September 30, 1997, on a fully converted basis, the Company would have 55,563,584 shares of Common Stock issued and outstanding. The Company's Articles of Incorporation, the issued and outstanding option certificates and the various warrant agreements, contain various covenants which require the Company to reserve an adequate number of shares of Common Stock for various contingencies. Although the Company currently has reserved an adequate number of shares of Common Stock on a fully converted basis, there can be no assurance that the Company will be able to continue to satisfy these covenants.

All of the outstanding warrant agreements contain a covenant which states that there have been reserved, and the Company shall at all times keep reserved out of the authorized and unissued shares of Common Stock, a number of shares of Common Stock sufficient to provide for the exercise of the rights of purchase represented by the warrants.

All of the option certificates contain a covenant which states that "the Company shall at all times keep reserved out of the authorized and unissued shares of Common Stock a number of shares of Common Stock sufficient to provide for the exercise of the right of purchase represented by the options." Of the issued and outstanding options to purchase 3,971,000 shares of Common Stock, as of June 30, 1997, 775,000 of these options have not vested and thus are not eligible for exercise. As of December 31, 1997, 462,500 of these options will remain unvested and not be eligible for exercise.

The Company's Articles of Incorporation state that the Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock a sufficient number of shares to effect the conversion of the shares of the Preferred Stock.

On and after January 1, 1998, each share of Preferred Stock would be convertible into 10 shares of Common Stock instead of 12 shares of Common Stock, as currently provided. On and after January 1, 1998, the accrued and unpaid dividends on the Preferred Stock would be convertible into Common Stock at the rate of \$1.00 per share of Common Stock as opposed to the present conversion rate of \$.83 per share of Common Stock. Based on the 861,205 shares of Preferred Stock outstanding on the date hereof and the accrued dividends thereon, the change in these conversion rates on January 1, 1998 would result in a reduction of 2,303,500 shares of the fully diluted Common Stock. However, to the extent that the holders of Preferred Stock convert their shares before such date, this anticipated reduction in the outstanding shares of Common Stock would be reduced or eliminated. Furthermore, based on the 861,205 shares of Preferred Stock outstanding on August 1, 1997, an additional \$645,904 dividend accrued on August 1, 1997 entitling the holders of Preferred Stock to acquire 778,197 additional shares of Common Stock through December 31, 1997, and 645,904 shares thereafter. Although the Company has not made any covenants to the holders of the Preferred Stock to reserve shares of Common Stock for issuance upon conversion of the accrued dividends on the Preferred Stock, these additional dividends are automatically convertible into Common Stock at the time of the conversion of the related shares of Preferred Stock. Thus, on June 30, 1997, although the accrued dividends on the Preferred Stock could be converted into 3,418,176 shares of Common Stock, there were only 3,338,816 shares of Common Stock that were authorized and unreserved. There can be no assurance that a sufficient number of shareholders will not convert their Preferred Stock and the accrued dividends thereon into shares of Common Stock, thus causing the Company to violate the above covenants.

The Company could remedy any violation of the above covenants by increasing the number of authorized shares of Common Stock. Any such increase must be approved by the Board of Directors of the Company and then approved by a majority vote of the shareholders of the Company. There can be no assurance that a majority of the shareholders would approve such a proposal. At this time, the Company has no intention of presenting such a proposal to the shareholders.

Item 5. Interests of Named Experts and Counsel

Lurio & Associates, counsel to the Company, was as of June 30, 1997, the beneficial owner of an aggregate of 2,500,000 shares of Common Stock which were issued to the firm as Escrow Agent in connection with the issuance of an aggregate of \$500,000 of Convertible Securities in June 1997. In August and September 1997, the holders of \$430,000 of the Convertible Securities converted their securities into Common Stock, leaving 350,000 shares subject to the escrow agreement. The shares of Common Stock are being issued and held in escrow in order to ensure that they are available to the holders of the Convertible Securities upon any conversion of the Convertible Securities.

Item 6. Indemnification of Directors and Officers

Section 1746 of the Pennsylvania Business Corporation Law of 1988, as amended ("BCL"), authorizes a Pennsylvania corporation to indemnify its officers, directors, employees and agents under certain circumstances against expenses and liabilities incurred in legal proceedings involving such persons because of their holding or having held such positions with the Company and to purchase and maintain insurance of such indemnification. The Company's By-laws substantively provide that the Company will indemnify its officers, directors, employees and agents to the fullest extent provided by Section 1746 of the BCL.

Section 1713 of the BCL permits a Pennsylvania corporation, by so providing in its By-laws, to eliminate the personal liability of a director for monetary damages for any action taken unless the director has breached or failed to perform the duties of his office and the breach or failure constitutes self-dealing, willful misconduct or recklessness. In addition, no such limitation of liability is available with respect to the responsibility or liability of a director pursuant to any criminal statute or for the payment of taxes pursuant to Federal, state or local law. The Company's By-laws eliminate the personal liability of the directors to the fullest extent permitted by Section 1713 of the BCL.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

The following Exhibits are filed as part of this Registration Statement:

5 Opinion of Lurio & Associates

- 23.1 Consent of Lurio & Associates (included in the opinion filed as Exhibit 5 hereto)
- 23.2 Consent of Ernst & Young LLP, Independent Auditors
- 28 Consulting Agreement between Michael Cardascia and USA Technologies, Inc. dated September 12, 1997

Item 9. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or most recent post-effective amendment thereof) which, individually or together, represent a fundamental change in the information in the registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Except that, subparagraph (i) and (ii) of this paragraph do not apply provided that the information required in a post-effective amendment is incorporated by reference from periodic reports filed by the issuer under the Securities Exchange Act of 1934.

(2) That for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be treated as a new registration statement relating to the securities offered herein, and shall treat the offering of such securities at that time as the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of

the Securities Exchange Act 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Wayne, Pennsylvania, on October 17, 1997.

USA TECHNOLOGIES, INC.

By: /s/ George R. Jensen, Jr.

George R. Jensen, Jr.,
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been duly signed below by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date ----
/s/ George R. Jensen, Jr. ----- George R. Jensen, Jr.	Chairman of the Board, President and Chief Executive Officer, (Principal Executive Officer)	October 21, 1997
/s/ Stephen P. Herbert ----- Stephen P. Herbert	Vice President, Director	October 21, 1997
/s/ Keith L. Sterling ----- Keith L. Sterling	Vice President, Director	October 21, 1997
/s/ Leland P. Maxwell ----- Leland P. Maxwell	Vice President, Chief Financial Officer, (Principal Accounting Officer)	October 21, 1997
----- William W. Sellers	Director	October____, 1997
/s/ Peter G. Kapourellos ----- Peter G. Kapourellos	Director	October 21, 1997
----- Henry B. duPont Smith	Director	October____, 1997
----- William L. Van Alen, Jr.	Director	October____, 1997

EXHIBIT INDEX

Exhibit No. -----	Description -----
5	Opinion of Lurio & Associates
23.1	Consent of Lurio & Associates (included in the opinion filed as Exhibit 5 hereto)
23.2	Consent of Independent Auditors
28	Consulting Agreement between Michael Cardascia and USA Technologies dated September 12, 1997

October 13, 1997

USA Technologies, Inc.
200 Plant Avenue
Wayne, PA 19087
Attn: Mr. George R. Jensen, Jr., President

Re: USA Technologies, Inc. -
Registration Statement on Form S-8

Dear Mr. Jensen:

We have acted as counsel to USA Technologies, Inc., a Pennsylvania corporation (the "Company"), in connection with a Registration Statement on Form S-8, filed with the Securities and Exchange Commission on the date hereof (the "Registration Statement"). The Registration Statement covers 40,000 shares of Common Stock of the Company issuable to Michael Cardascia pursuant to Consulting Agreement between the Company and Michael Cardascia dated September 12, 1997 (the "Consulting Agreement").

In rendering this opinion, we have examined (i) the Articles of Incorporation, as amended, and By-laws of the Company; (ii) the resolutions of the Board of Directors evidencing the corporate proceedings taken by the Company to authorize the issuance of the Common Stock pursuant to the Registration Statement; (iii) the Registration Statement (including all exhibits thereto); (iv) The Consulting Agreement; and (v) such other documents as we have deemed appropriate or necessary as a basis for the opinion hereinafter expressed.

In rendering the opinion expressed below, we assumed the authenticity of all documents and records examined, the conformity with the original documents of all documents submitted to us as copies and the genuineness of all signatures.

Based upon and subject to the foregoing, and such legal considerations as we deem relevant, we are of the opinion that, when sold as contemplated by the Registration Statement and the

USA Technologies, Inc.
October 13, 1997
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Consulting Agreement, the Common Stock will be legally issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement.

Sincerely,

LURIO & ASSOCIATES

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-00000) pertaining to the registration of 40,000 shares of Common Stock of USA Technologies, Inc. of our report dated August 14, 1997, with respect to the financial statements of USA Technologies, Inc. included in its Annual Report (Form 10-KSB) for the year ended June 30, 1997, filed with the Securities and Exchange Commission.

Philadelphia, Pennsylvania
October 21, 1997

September 12, 1997

Mr. Michael Cardascia
Strathmore Equity Services, Inc.
14 Vanderwater Avenue
Suite 135
Port Washington, NY 11050

Dear Michael:

This is to acknowledge and confirm the following terms of our Consulting Agreement. We are very pleased to be a client of yours.

(1) You are actively involved in providing financial relations, consulting and advisory services to clients.

(2) The Company hereby engages you and you hereby agree to render financial public relations, consulting and advisory services to the Company, including placing radio time on "Inside Wall Street" on the Company's behalf for 30 shows to be broadcast in the New York City metropolitan area. It is understood and agreed that none of your services shall be in connection with the offer or sale of any securities of the Company in a capital raising transaction.

(3) Compensation

(a) The Company shall issue to you in consideration for providing the financial, public relations, consulting and advisory services set forth herein a total of 40,000 shares of fully vested, nonassessable, free trading Common Stock of the Company. Upon the effective date of the registration statement described in Paragraph 3(b) below, the Company shall issue such stock to you. Such shares shall be issued to you within one week of your signing this agreement.

This issuance of the Company's stock shall be the only consideration that you are entitled to under this Consulting Agreement.

(b) Promptly after the date of this Consulting Agreement, the Company will cause a registration statement on Form S-8 to be filed with the Securities and Exchange Commission for the purpose of registering 40,000 shares of Common Stock of the Company issuable to you pursuant to Paragraph 3(a) above.

(4) This Consulting Agreement shall be on a project basis and have no set term. Any renewal or extension of this Consulting Agreement shall be upon a new written agreement signed by each of the parties.

(5) You will not directly or indirectly disclose to any other person, firm or corporation, nor use for your own benefit during or after the term of this Consulting Agreement, any trade secrets or other information designated as confidential by the Company which is acquired by you in the course of performing services hereunder. Trade secrets can include, but are not limited to, products or services under development, production methods and processes, sources of supply, customer lists, marketing plans, information concerning the filing or pendency of patent applications and information concerning the issuance of any securities of the Company.

(6) In performing your duties as set forth in this Consulting Agreement, you shall abide by all applicable laws, including federal and state securities laws, and shall make all disclosures required by such laws, including disclosures required as a result of you entering into this Consulting Agreement with the Company and in connection with any radio broadcasts.

(7) You hereby represent that you have obtained all licenses or registrations required in order to perform the services set forth in the Consulting Agreement. You also hereby represent that you are not prohibited from entering into this Consulting Agreement or from performing your obligations hereunder by any law, regulation, contract, decree, order or agreement.

(8) You and the Company hereby acknowledge that you are an independent contractor. You shall not hold yourself out as, nor shall you take any action from which others might infer, that you are a partner, agent or joint venturer of the Company.

(9) This Consulting Agreement sets forth the entire understanding of the parties relating

to the subject matter hereof, and supersedes and cancels any prior communications, understandings and agreements between the parties. This Consulting Agreement cannot be modified or changed, nor can any of its provisions be waived, except by written agreement signed by all parties.

(10) This Consulting Agreement shall be governed by the laws of the Commonwealth of Pennsylvania. Any dispute arising out of this Consulting Agreement shall be adjudicated solely and exclusively in the courts of the Commonwealth of Pennsylvania or in the federal courts located within the Commonwealth of Pennsylvania.

Michael, please indicate your acceptance of the terms of this Consulting Agreement by signing and dating below where indicated and returning it to me.

USA TECHNOLOGIES, INC.

By: /s/ George R. Jensen, Jr.

George R. Jensen, Jr.
President and Chief Executive Officer

ACCEPTED:

/s/ Michael Cardascia

Michael Cardascia