

**Operator:** Greetings, and welcome to the Intellicheck Mobilisa Third Quarter 2011 Results.

At this time, all participants are in a listen-only mode.

A brief question-and-answer session will follow the formal presentation.

If anyone should require operator assistance during the conference, please press star-zero on your telephone keypad.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mr. Adam Holdsworth, Investor Relations Group for Intellicheck Mobilisa.

Thank you, Mr. Holdsworth. You may begin.

**Mr. Adam Holdsworth:** Thank you, and good morning and welcome, everyone.

Thank you for joining us today for our 2011 third quarter conference call to discuss Intellicheck Mobilisa's results for the fiscal quarter ended, September 30th, 2011, and to discuss other business developments.

In a moment, I will call upon our Chief Executive Officer, Steve Williams, to lead today's call and introduce the members of the Intellicheck Mobilisa management team who will be participating in today's conference call. Before I do that, I will take a few moments to read the forward-looking statement.

Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended.

When used in this conference call, words such as "will," "believe," "expect," "anticipate," "encouraged," and similar expressions, as they relate to the company or its management, as well as assumptions made by and information currently available to the

company's management identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on management's current expectations and beliefs about future events. As well as any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of such changes, new information, subsequent events or otherwise.

Additional information concerning forward-looking statements is contained under the risk and factors listed from time to time in the company's filings with the Securities and Exchange Commission.

Management will use the defined financial term adjusted EBITDA in today's call. Please refer to the company's press release issued this morning for further definition of, and context for, use of this term.

I would now like to introduce Steve Williams, Intellicheck Mobilisa's Chief Executive Officer.

Steve Williams?

**Mr. Steve Williams:** Thank you, everyone, and welcome to the Q3 conference call.

For the folks that are on the line, we just completed our annual shareholder meeting here in New York City, so, we'll have a little bit of a logistics work through at the end. We'll have plenty of time for Q&A.

So, the format will be I'll give you an overview of the company, kind of what we do, with some highlights from Q3, and at the end, we'll give you all plenty of time to address myself or other members of the team with questions.

So, with that, the Safe Harbor statement, as Adam just read. We're a tech company. We do driver's licenses, we do wireless, so our focus is to be experts in those space. And we'll go in depth on the divisions.

The company overview, it was founded in 1994 in Long Island. We have about 50 employees. We're headquartered in Port Townsend, a beautiful city out in the Olympic Peninsula. It's about two hours west of Seattle. The New York office is probably our second largest, and we have also an office in Washington, DC.

For those of you who don't know, we're publicly traded on the New York Stock Exchange Amex under IDN, and we're recognized in our patents for reading driver's licenses.

Let me introduce, again, Nelson identified earlier. And for those on the line, this presentation that we're providing is also available on our website at [www.icmobil.com](http://www.icmobil.com), and there's some pictures for those of you online that can't see our folks here in New York.

Dr. Nelson Ludlow, our Chairman, and the rest of the members of the Board, in alphabetical order: Buck Bedard, General Buck Bedard as he's better known; Bonnie Ludlow, also one of our Senior Vice Presidents; Admiral Mike Malone; Mr. Woody McGee; and Mr. Guy Smith.

The members of the management team: myself, Steve Williams, the CEO; Russ Embry, our Chief Technology Officer; Mr. Pete Mundy, our Chief Financial Officer; and Ms. Bonnie Ludlow, our Senior Vice President.

In addition, before expanding on the company, we have several other people that support our company. Bruce Gomberg from EisnerAmper our accounting firm, who just reconfirmed, as well as members of team IRG and Adam, who kicked off the meeting this morning.

**Unidentified Man:** And Chris Cunningham from K&L Gates.

**Mr. Steve Williams:** We always have to bring up the attorney, but Chris Cunningham, --from K&L Gates and who's hosting our shareholder meeting for us today. Thanks, Chris.

Product offerings are several, but we tend to focus on identity systems, and we'll go in depth on both the commercial and government side.

We also do wireless, specifically wireless over water. So, we have specific intellectual property and knowledge that we do on the wireless space over water, and we completely--sell complete solutions. So, we sell a solution, not just a piece of software, not just a piece of hardware, but a total solution.

Let's talk about our company and our markets.

In the financial space and banking space, you'll see our solution in many places: GE, JPMorgan, Chase banks, those are all our clients; retail, other guys you might know, Walmart, Target, Toys"R"Us as well; hospitality, in one of the announcements we just made in Motel 6, and we'll go in depth on that; pharmacy, controlled substances, pseudoephedrine, things like that, we can integrate into their point of sales systems to

make sure they're not dispensing things too quickly or too often; access control, which is our government identity space; and age verification, which is where we began.

In the wireless markets, our buoy system, which we'll talk about a little bit, more in a minute--but, we do port security. We do wireless planning tools. We can tell you how to install a wireless network somewhere in a building, a ship or any facility where we can import a CAD drawing.

We do ship-to-ship communications. You--anybody can do it off a satellite, but it's very, very expensive. What we focused on and what we designed--much of what the buoy's designed around is 802.11 networking, so very cost effective for the Navy or other clients.

Oil spill monitoring or other environmental situations, and our trademark Wireless Over Water.

Talking about strategic growth initiatives, three-and-a-half years ago, Intellicheck merged with Mobilisa. We saw a significant growth curve, and that rounded out our company in a lot of reasons; it brought a government perspective to an otherwise commercial company.

We also acquired one of our leading competitors, Positive Access in 2009; again, a company that when we acquired them brought us Walmart and Verizon as customers.

And future strategic growth: as we've said in previous conference calls, we design and intend to look for other M&A opportunities. We're going to look for complementary acquisitions that will grow us, in revenue and intellectual property.

Our technologies, as I mentioned, is driver's licenses. We have nine US patents, two Canadian patents and one UK patent.

We sell predominantly in the commercial space something we call an enterprise license that integrates to their point of sale. You may not see us, but in Walmart or Target, for instance, we're doing their credit card applications for them. And again, our technology is reading and validating, authenticating driver's licenses.

Customer market, an overview: this is a little bit of change from about three-and-a-half years ago. The three divisions each represented about a third of the revenue at the merger with Mobilisa.

Now, in our 10-Q that we filed at the end of last year, the commercial space represents 50 percent and the government identity space a quarter and the wireless space the other quarter of the company. So, it's a little bit of a change. So, instead of a third, we're 50/50 commercial/government, so they tend to balance each other.

Here are the results from Q3, those that haven't seen the press release. So, second quarter in a row we're profitable. We have revenue of 3.6 million, just up 1 percent, but significantly identity systems are up 25 percent.

What's important to note here is though there was a delay in the government funding or awarding of the contract for Aegeus, our wireless buoy system, we were able to grow the identity space to more than offset that. And for the nine month revenue, to date we're at 9.6 million or up 4 percent for the year.

So, let's go a little deeper into the three groups.

Commercial identity systems are predominantly integrated and most profitable for us when we're integrated with a point of sale, so Walmart, Target, Toys"R"Us.

Target's one of our long-term clients. When you're checking out at Target, they're going to ask you, "Hey, would you like to save 10 percent today by signing up for

a Target card?" They're going to ask you for your driver's license. That's us. We've integrated into that. It's a great growth curve.

We have identified about 250, what we call, tier-one retailers. A tier-one retailer is somebody that does a billion dollars or more a year in revenue, so that's our focus.

At the merger we had one, maybe two of those, Target, Toys"R"Us. We've now grown that to about 12 and will continue down that growth path.

We also do something called a standalone kiosk, kind of what's pictured there on the right. L.L. Bean was one of our big launches for that, but our banks use this as well. And it's just like the point of sales system except for we sell them the hardware, the software and the support services for each of those systems.

The portable wireless device is much what Mobilisa did, but we've now taken what we did in the government space, and we've moved it to the commercial space.

So, we actually do credit card applications at Universal Studios for one of our banks. So, you can enroll and get a credit card literally at the gate as you go into the park; as I mentioned earlier, a complete solution offering.

What we departed from three-and-a-half years ago was selling software; we're just not doing that. It's not profitable long-term based on the way we're structured, and it didn't make sense. We like to be--if you call for anything, we want to be able to say, "Yes," and sell them whatever the solution is.

The most recent announcement in the hospitality space, in the commercial space, was Accor. You may not be as familiar with the word Accor as you are some of their name brands. Sofitel is their flagship. Most importantly to us are Motel 6 and Studio Motel 6.

So, imagine if you're, obviously, Sofitel, they want to interact with you to make sure that you're in their honor's program or whatever. But, at Motel 6, imagine that you're in a bus with a bunch of kids that don't have reservations, it takes a long time to process those kids into the hotel.

With our system they have our devices, they literally put the driver's license in the device, and they can check in a bus load of kids in less than 30 minutes. That's where we're moving. Hospitality is our newest move for commercial identity systems.

Government identity systems, access control--so, literally every day that someone comes through a gate at a military base, and we currently operate over a hundred, to include the US Mints, we do a bad guy check. Sometimes it's using publicly available data. Sometimes it's using data that's local law enforcement data. So, it's a variety, and sometimes it's just a pre-vetted good person data.

We've continued to operate in that space. As you saw in our recent announcement, we just did about \$2 million. It's the largest quarter Intellicheck Mobilisa has had in the government identity space, and it's because we've added a couple of capabilities.

That law enforcement capability no one else has. We can now do a local law enforcement check in all 50 states.

You saw here in New York, we recently sold additional TWIC readers. So, that's 10 more facilities that are protected with our transportation worker identification credential readers.

And lastly, Massport. Massport's in Boston, for those of you who don't know. We did a pilot there and were very successful. We caught a lot of bad TWIC cards.

The challenge with the TWIC program is the law doesn't go into effect until 2012.

So, let me tell you a little bit of our strategy. We were one of the first certified devices to be on the TWIC list. That wasn't by chance. Dr. Ludlow, who was the CEO, did that. We invested into that, and we are ready for that when the law goes into effect next year.

If you talk to anybody, including this port in New York/New Jersey, they're going to identify us as one of the leaders, if not the leader, in the TWIC market, and we'll be ready when the law goes into effect.

The wireless system, most recently Aegeus. It kind of started--or it did start with the Washington state ferry system in Washington State. This is before anyone had an air card or a cell phone hotspot or Starbucks when they did it with T-Mobile.

This was the beginning of that concept so that we could light up the Puget Sound. You could logon to your laptop, and remember this is years ago, and do your work on the way--on the transit to and from Seattle.

So, we moved that to something for the Navy called Floating Area Network, where we were--before Mesh Networking became real, we had the ability to talk back and forth between these ships with the Floating Area Network.

And then, we created what we call today Aegeus, our buoy system. It's much more than a buoy; it's actually part of a network. The network identifies things in the water, communicates, monitors radiation or other sensors, and then reports so that they have to respond accordingly.

So, those are all capabilities. Most recently we just won a \$3 million contract from the US Navy. So, that's new for us in that it's really time for integration of commercialization.

You guys have heard me talk about commercialization. That device could be sold here in the Port of New York. It could be sold to another country. It could be sold to monitor oil spills or in environmental, any of those types of things.

So, the wireless buoy system this quarter is a new contract, but I mentioned it took the government a long time to award it, but now it's about a 12- to 18-month contract for about \$3 million.

These are some of our sample clients as I mentioned before, Chase, GE and Barclays, most recently, Accor. And we've been in hotels before, but this was really our first launch for this. Retail with L.L. Bean, Target and Walmart. And telecom, AT&T continues to be one of our largest clients. And then, all the military services, as well as several other government agencies.

Growth initiatives: so, let's talk about that a little bit. We've mentioned before a new cloud computing initiative. What that means is state and local law enforcements have a challenge getting capital expenditure, like a military base. They spend \$250,000 to get our system. Well, how does a state and local person--or, you know, the local sheriff, he doesn't have \$250,000 or she doesn't have \$250,000.

So, what we did was create a model that they would buy the software, less expensive, but pay us on the transaction, so that's a new model for us.

The transactional model is also being applied to the commercial space. So, we do something called velocity checking. If you're activating your phone or you're making

too many purchases within a reasonable period, then it can identify that, but, again, that's a transactional model basis.

ID Risk Check was launched to combat identity theft, but it's quickly moving into credit card fraud, as well as loyalty.

In law enforcement, I mentioned what we call the NCIC check on mobile phones or handhelds. In this particular case, we're moving into-- with some of our partners the ability--if you got pulled over speeding--and I know no one on this call ever did that, but if you got pulled over for speeding, for instance, rather than go back to the cruiser, type in the information, come back to the individual--if it's a bad guy, he's trying to figure out how to defeat you.

Well, with our system you can stand right there, watch them--I'm sorry I'm looking at you, the CTO. Watch them, take a picture of the ID, run the bad guy check in about three seconds, so there's an advantage to law enforcement. And we're going to use the transactional model to help them pay for the equipment.

And then, Aegeus, which I just mentioned, we're going to commercialization. This next \$3 million by the Navy is designed for us to integrate with other systems and to deploy and find its long-term home.

So, those are kind of some of our growth initiatives.

With that, I'll let, Mr. Pete Mundy, our CFO, give you a more detailed overview of the financials for the quarter.

**Mr. Peter Mundy:** Okay, thank you, Steve.

And now, for the most dynamic portion of the presentation, that I'm glad everybody's here to listen to.

I'd like to discuss some of the financial information that was contained in the press release that we issued for the third quarter and the nine month period that ended September 30th, 2011, which we put out this morning.

We anticipate that the complete quarterly report on Form 10-Q will be filed with the SEC this afternoon. And we heard that, the receipt of our final XBRL version has been completed, so we will file today.

For the third quarter, revenues for our third quarter ending September 30th, 2011, increased 1 percent to \$3,595,000 compared to \$3,567,000 for the previous year.

Identity systems increased 25 percent to \$3,421,000, compared to 2,744,000 last year.

While there were increases in both commercial and government sectors, the increase is primarily a result of increased sales of Fugitive Finder and Defense ID product sales to military bases.

The wireless revenues decreased 79 percent to \$174,000 from \$823,000. Our previous funding on the FAN buoy contract expired as of June 30th, 2011, and the new funding was not awarded to us until the middle of September, which was the principal reason for the revenue reduction.

We anticipate going forward that our quarterly wireless R&D revenues will approximate 500,000 to 700,000 per quarter.

Total booked orders were 6.2 million dollars in the third quarter of 2011 compared to 3.9 million in 2010, a 59 percent increase.

At September 30th, our backlog was approximately 3.3 million, compared to 4.8 million at September 30th, 2010, but it's up substantially from where we were at the end of June.

We still continue to maintain high gross profit margins. Our gross profit percentage as a percentage of revenues increased to 64.5 percent for the three months ended September 30th, 2011, compared to 62.8 percent for the three months ending September 30th, 2010. That change was particularly represented due to a change in our product mix.

Operating expenses, which consist of selling, general and administrative and research and development expenses decreased 27 percent to \$2,010,000 for the three months ended September 30th, 2011, from \$2,741,000 for the three months ended September 30th, 2010.

As we've mentioned in the last conference call, at the end of the first quarter we made certain operating cost reductions which totaled approximately \$2 million on an annualized basis. We began to see the impact of these reductions in our reported results in the second and third quarters.

The decrease in 2011 expenses also includes lower legal fees, a reduction of consulting fees and an overall staff reduction. We do not anticipate that these operating cost reductions will impact the expected growth.

Interest income was negligible.

Interest expense of \$4,000 and \$7,000 in the third quarters of 2011 and 2010 represent the interest in amortization of deferred debt discount on the notes payable to the former principles of Positive Access.

There was no debt outstanding, so no interest paid on debt.

We have not recorded a tax provision due to the expected utilization of net loss carry forwards, and we still have net loss carry forwards of approximately \$39 million.

Our adjusted EBITDA for the quarter ending September 30th, 2011, was positive \$610,000 compared to negative \$74,000 in the quarter ended September 30th, 2010.

As a result of the items explained above, I'm happy to report that we have our second consecutive quarterly profit.

Our net income was \$306,000 rounded to one cent per share for the three months ended September 30th, 2011, compared to a net loss of \$509,000 or a two cent loss per diluted share for the three months ended September 30th, 2010.

Now, as it relates to the nine month period, for the nine months ended September 30th, 2011, revenues increased 4 percent to \$9,616,000 from 9,245,000 for the nine months ended 2010.

Identity systems revenues increased 10 percent to 7,458,000 compared to 6,745,000 last year.

Wireless R&D revenues decreased 13 percent to \$2,158,000 from 2,491,000 dollars, principally as a result of that gap in the funding that we previously mentioned.

Our recurring revenue stream remains strong and represented 23 percent of total revenues in both 2011 and 2010.

For the first nine months of 2011, booked orders were \$9.6 million, as compared to 8.2 million in the same period of 2010.

Our gross profit percentage was 64.5 percent in 2011, 64.8 percent in 2010.

Total operating expenses decreased 18 percent to \$6,472,000 in 2011, compared to \$7,898,000 in 2010.

In addition, during the first nine months of 2011 we were able to recognize the reversal of \$104,000 of previously booked noncash compensation expense from contingent stock options for people who are no longer with the company.

In the first nine months of 2011, adjusted EBITDA was positive \$591,000, compared to negative 685,000 in the first nine months of 2010.

And our net loss was reduced to \$277,000 or one cent per diluted share, compared to a net loss of 1,931,000 or seven cents per diluted share in 2010.

Now, I'd like to focus on the company's liquidity and capital resources.

As of September 30th, 2011, the company had cash and cash equivalents of \$1,515,000, working capital, defined as current assets minus current liabilities, of \$1,640,000, total assets of \$23,685,000, and stockholders' equity of \$19,747,000.

During the first nine months of 2011, the company generated net cash of two--uh, \$27,000, compared to a net use of 1,874,000 in the first nine months of 2010.

Cash generated from operating activities was \$45,000, compared to a net use of cash of 1,548,000 in 2010. And that decrease was primarily a result of-- driven by a lower net loss.

We used cash of 46,000 in investing activities, compared to \$232,000 in 2010 due to lower capital expenditures. Cash provided by financing activities was \$26,000, compared to a net use of \$94,000 in 2010.

And in accordance with the merger agreement, the final payment of \$200,000 was made to the former principles of Positive Access Corporation in August 2011, compared

to 400,000 in August 2010, which was offset somewhat by a reduction in the amount of stock option exercises in the current period.

On August 17th, 2011, the company entered into a two-year revolving credit facility with Silicon National Bank--I'm sorry, Silicon Valley Bank. The maximum borrowing under the facility is \$2 million, and the borrowings under the facility is subject to certain limitations based upon a percentage of accounts receivable as defined in the agreement and are secured by substantially all of the assets of the company.

At September 30th, there were no outstanding borrowings, and unused availability under the facility was about \$1.1 million.

We currently anticipate that the available cash, as well as the expected cash from operations and availability under the revolving credit facility, will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

We currently have in effect the universal shelf registration statement on Form S-3 with the Securities Exchange Commission. Under that shelf registration statement, the company may offer and sell from time to time in the future, in one or more public offerings, its common stock, preferred stock, warrants, or units.

The aggregate initial offering price of all securities sold by the company will not exceed \$25 million, and, pursuant to SEC rules, the company may only sell up to one-third of the market cap held by nonaffiliated stockholders within any 12 month period.

At this point, I'll turn it back over to Steve.

**Mr. Steve Williams:** Thank you, Peter.

The next slide is just an overview of the current market situation as of the close of yesterday, our market cap and our daily volume at 17 point--or 17,000 shares.

At this point, we're going to open it up to questions and answers.

I would ask those people in attendance here in New York City to please wait for the folks that are on the line to ask their questions first, uh, and then we'll open it up to the folks here in, uh, New York.

For those of you on the line, please state your name and who you represent.

For the folks here in New York City, please state your name, who you represent and stand when doing so, so I make sure I acknowledge you.

I'll repeat your question for the benefit of the folks on the phone, and we'll give you plenty of time to ask your questions.

So, with that, operator, we would like to open the line for questions.

**Operator:** Thank you.

Ladies and gentlemen, if you would like to ask a question over the phone, you may press star-one on your telephone keypad. A confirmation tone will indicate your line is in the question queue.

You may press star-two if you would like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key.

Again, if you would like to ask a question, you may press star-one at this time.

One moment, please, while we poll for questions.

**Mr. Steve Williams:** Well, maybe we'll change the logistics a little bit.

With that, we will open it for questions here in New York.

Yes, ma'am.

**Ms. Dian Griesel:** Okay.

Dian Griesel. Can you please elaborate on the TWIC law and what--?

**Mr. Steve Williams:** --Absolutely--.

**Ms. Dian Griesel:** --That will effect?

**Mr. Steve Williams:** Absolutely.

The TWIC law is something I might refer to as the final rule. Anytime the government--well, most of the time when the government changes a rule in procurements or access or any of that kind of thing, it goes through a rule process, and there'll be public hearings that'll allow industry and individuals will be affected to comment on the upcoming law.

So, the rule--the TWIC rule, as I referred to it, is coming out in 2012. They've been through several hearings already, they'll have public comment, and then the law will be published.

In that law it's going to state the reader you use to read that card must do X, Y and Z. So, the rule will then be published next year, and we'll be positioned with whatever that requirements are because clearly we've been involved from the beginning. We advise. We tell them where their problems are. We made--in the beginning days, we actually got ports before ports were buying systems. We were giving our systems to the ports to understand the market.

So, the rule will be the law that finally goes into effect that all port operators will have to comply with when buying a reader.

Thank you.

Yes, sir.

**Mr. Howard Shannon:** Howard Shannon [sp].

Obviously, in any company, especially this company, the personnel are the most valuable asset you have; however, you have a group of patents, which I'm sure have some value.

Are there other companies who would like to have those patents, and did any company ever make an offer for them?

**Mr. Steve Williams:** Absolutely. Great question.

For those on the line, the question, and help me if I don't get it exactly right, there--the assets of the company are its people, but also its patents, and particularly our patents.

And the question is has everyone attempted to acquire those patents or do other people value those patents? Is that correct, sir?

**Mr. Howard Shannon:** Yeah.

**Mr. Steve Williams:** The answer is, yes, in all cases.

All the people are very, very valuable to the company, and the patents are equally valuable.

As you will see and those people that try to compete with me in hardware sales understand that, we defend those patents aggressively. We're very proud of those patents and will continue to do so.

From a financial perspective, our CFO would say, obviously, the patents have a value on the books. But do I believe that those patents are very valuable to this company? Absolutely. Do I believe that other people assign value? Absolutely.

As any time with any publically traded company or privately held entity, from time to time people would bring forward an offer to acquire a company, and, obviously, we would have a responsibility to take it to that Board and, ultimately, the Board to the shareholders.

Do we currently have that situation? We absolutely do not. But, do I believe people value us? I absolutely do.

**Mr. Howard Shannon:** Thanks.

**Mr. Steve Williams:** Yes, sir.

**Mr. John Bendall:** Hi, I'm John Bendall of JBC Partners.

I think probably I've been longer--a longer shareholder than anyone in this room, so I'm pretty familiar with it.

On the last conference call, I asked Nelson, my dear friend, "Has anyone made a overture about buying the company?" And I hope he will correct me if I'm wrong; he said that he had had inquiries.

Now, we all know, I've been in the deal business, that an inquiry is not an offer, but if it's a serious inquirer, you know, is the Board responsibility to at least let the public shareholders know about this?

Now, my--I'm not saying to take it. I've been around long enough in this, that I deserve more than what I think the company is selling for or even 100 percent of where

it's selling for right now, but it just might be the calling card for others to say, "We better take a look at this," or get some interest in the stock.

And I'd like for--perhaps if Nelson would comment on this, or the Board about any inquiries of a somewhat serious nature. I understand the arm's length transaction between us and the Board and whatever, but I think you know where I'm coming from.

**Mr. Steve Williams:** Absolutely.

**Mr. John Bendall:** The second thing is since we are getting-- we've had no volume really to speak of.

And I must applaud you and think today's numbers were exceptionally good. Each quarter there's a lot of progress. And as much as I complain and bitch to all of you, I've been around because I happen to believe that this technology is a serious technology and is worth a lot more to someone than what it's selling for right now.

But, the hard thing is-- and we have not had a research report, and a lot of funds, certainly the mutual funds, cannot buy this until a research report is written. If it goes to 100, that's fine. If it goes to zero, someone's going have to be responsible. We need that research.

Now, the reason I ask, trying to get a model made going forward of projected earnings and sales and whatever seem to be difficult when I try and say, "Look, I think that's great when Target came on, certainly in the motel side, and there was one other, the Radio Shack," but most of the time, I'm met with, "We can't reveal."

Now, I know certainly government contracts you're not going to be able to even mention who they are, much less what the scope of the sales are, but in order to get a

report written, an analyst or someone has got to have some benchmarks to be able to make a model to see where we're going from today to next year or the year after.

**Mr. Steve Williams:** Absolutely. Okay, thank you. I'll respond.

So, the first question I believe is serious inquiries or attempts on an acquisition of the company. The answer is if we did, we would fulfill our obligation. In other words, if we had a legitimate letter of intent or an offer or an acquisition offered, obviously, it would be brought to the Board and shareholders. That's our responsibility. So, if that hasn't occurred that means we don't have a serious inquiry that warrants that level of attention.

The second question I believe is regarding research reports. And I can share with you that in the last quarter I met with approximately 48 one on one meetings, thanks to IRG. The previous quarter I did the same number.

And the attempt is to do exactly what you've said. Some--to meet with analysts, to find coverage to create models for investors, like yourself, that would be able to answer a lot of the questions. It's a complex situation, but remember, we're a microcap company that's trying to grow to that next level.

So, I have to, as the CEO--the team has to grow the company to the point that the market cap is at a level that other analysts will cover us. We've been talking to all the big names. We've met. We presented. Nelson's done that. I've done that. We will continue to do that to get the interest level, and eventually we'll get an analyst to cover us.

There's also the option of paid research, and there's a mix decision on that. I see you shaking your head no. And the person next to you may be shaking their head yes,

but there's the challenge. And it's something--so my--the reason I offer that--and he's shaking--Dave's shaking his head yes.

So, I offer that--.

**Mr. John Bendall:** --I think that would be a disaster. It'd be the worst thing--.

**Mr. Steve Williams:** --I understand. I understand the two different positions on that situation; however, I offer that up because I want to show you that we are evaluating every opportunity and put every resource we can on trying to get analyst coverage.

**Mr. John Bendall:** Thank you.

**Mr. Steve Williams:** You're welcome.

**Mr. John Bendall:** I wasn't trying to go against you.

**Mr. Steve Williams:** Yes, sir.

**Mr. Gus Allen:** I'm Gus Allen [sp].

I have a couple of questions. First one, obviously, the fact is that identity systems are the fastest growing part of the company, at least in the last three months, six months, nine months, whatever; the other divisions are very slow, and I'm not sure what the new contract for wireless does to its growth as such.

But, what I'm wondering is, can identity systems continue to grow at a rate such as we saw in the last year?

And number two, what about these other two divisions? How likely is it that these can begin to grow and at what sort of a pace?

**Mr. Steve Williams:** Sure.

**Mr. Gus Allen:** Then, I have another question specifically on cloud computing. Why don't we do the first questions first, and I'll come back to cloud computing.

**Mr. Steve Williams:** Okay.

**Ms. Dian Griesel:** Can I piggyback on Mr. Allen's question?

**Mr. Steve Williams:** Absolutely.

**Ms. Dian Griesel:** Okay.

When--since we were talking about the TWIC law--.

**Mr. Steve Williams:** --Um-hmm--.

**Ms. Dian Griesel:** --And ident--you know, identity and reading cards, and then we talked about your patent portfolio. How does your patent portfolio envision you to have better than competition or the same as competition with, you know, these changes?

**Mr. Steve Williams:** Absolutely. Okay.

Well, so, the first question is growth in the identity space. You saw identity space grew--that's very normal for this part--this time of the year for the government identity space. You saw our press release that we signed about \$2 million in contracts through the last quarter. That's normal; it's the end of the government fiscal year.

What we try to do is create new products to keep growing that division. So, at any one time you will see those growths.

If--we had no enterprise licenses this quarter. Those are our big revenue generators and higher margins, but it's software that we've already developed.

So, do I think you can grow both of those divisions? Absolutely.

Let me address the third division, the wireless group, and give you a little bit of a history.

Government identity systems, as you know it--or as we know it today, was built exactly the same way Aegeus, the wireless buoy system, was.

We took several years of research and development, developing clients, bringing it to the market, and now we're the leader in Department of Defense, without a doubt. There's not going to be a commander in the military that doesn't know of Defense ID or the Mobilisa.

We're doing exactly the same thing with Aegeus. There's almost \$15 million in research and development that was paid for by the Navy. A lot of the intellectual property that we've put in there will be ours--is ours.

So, this next three million really is the go-to-market strategy. It's the integration of that system to become like the government identity system or like the commercial identity system, which took several years to go to market.

Three-and-a-half years ago on the merger we changed that model. We said, "We're not going to sell you a software license for a hundred dollars or go to Sam's liquor and sell you an age verification device." We had to figure out with the resources we had--we retargeted our client base.

So, do I think all three of those could recognize that revenue growth? Absolutely.

We don't provide projections, but we have a good track record. We built the pipeline. We're a well-known, well-established name in the commercial space. So, I think you'll see significant growth in that space as well.

To Dianne's point, the TWIC card, we're--the TWIC rule, as we mentioned earlier, the specifications for the card are out there. Anybody can go build a reader, try to do the reader or whatever.

We know that. We understand that. It's just another card. But, if I took a poll on the line, or here in the audience, how people have the TWIC card, I know I do. If I had a

sales guy, he'd have one. Nelson does, but he is a sales guy. But, the reality is you don't have one, but I'll bet most people in here have a driver's license.

**Unidentified Man:** Right.

**Mr. Steve Williams:** So, the way we differentiate our self is we say, "Not only do we do that TWIC card that you want to go buy for whatever the fee is from DHS, I'll do a bad guy check on that and your driver's license and we could do a credit check or whatever you wanted to do."

So, that's our expertise. How do we take existing systems, take our patent portfolio and create a market? That's how we differentiate from competitors.

**Mr. Gus Allen:** Um-hmm.

**Mr. Steve Williams:** And, Gus, what was your second question?

**Mr. Gus Allen:** The second question is on cloud computing. How far along this trail have you progressed? Have you been talking with people who will run the system for you?

I'm invested in a couple of companies that are into the cloud computing that's going very successfully.

Is it likely to be only the law enforcement area that will be covered with this kind of a system or are there other areas that would be covered in the cloud computing area on which you'd get a pay-per-click kind of revenue?

**Mr. Steve Williams:** Yeah, great question.

First of all, we are the guys that run the cloud, so we have our own cloud. That doesn't mean from a business sense that we do an evaluation. And if it's better to have a third party provide that service to me because their infrastructure's cheaper. Obviously,

we would look at that. So--and beyond law enforcement, we would go wherever it made sense.

So, we have all the banks that already do it, so they have hardware. Their concern is if they lose that hardware or the capital expenditure. And even though banks have money, they don't like to put it in CapEx. So, it can be applied anywhere.

So, using the patent portfolio just like we've done in the mobile handhelds, just like we've done on tethered scanners at Target, we're going to use that cloud computing, if it makes sense, to use existing infrastructure, your cell phone, to be able to parse and do whatever service they need provided in the backend.

**Mr. Gus Allen:** Thank you.

**Mr. Steve Williams:** You're welcome.

Let me--if there are any questions here, let me hold for now and go back to the folks online. I understand there are some questions.

**Operator:** Thank you.

Our first question is coming from Eric Barber [sp], private investor.

**Mr. Eric Barber:** Hey, guys. First of all, congratulations on another well-executed quarter.

I just had a couple of quick questions. There's been a lot of discussion in some of the presidential nomination debates about a E-Verify initiative for boarder security. And I was just wondering if you guys saw yourself playing a role in that type of future?

**Mr. Steve Williams:** We obviously would be open to E-Verify. It's been in existence a long time.

Several years ago, we actually participated with that program in one of our Navy bases, but the program has some challenges as well.

So, do I think that's a capability? Absolutely. We could build the frontend interface to E-Verify for a--an employer, if you will, a large employer, to integrate with E-Verify.

But, it's an opportunity, but it's not one we're actively pursuing at this moment.

**Mr. Eric Barber:** Okay.

And, most of my other questions have been addressed.

Just one other quick question, I know that you cut costs pretty effectively, but given the demand for your product portfolio at this point, and the sort of avoidance to JV or sell out a patent, I was wondering if there was any plan to sort of expand the sales teams to more aggressively market this technology in the very short term?

**Mr. Steve Williams:** Absolutely. Great question.

It's the one, whenever you do cost cutting, everybody gets worried. "Well, they're in trouble." Absolutely not the case. Our situation was we took a hard look at our infrastructure and the support that we had.

Predominantly, we're a software company, so what Target bought, what Walmart bought, what AT&T bought, that was already developed. If I sell it to 10 or 15 more retailers, it takes no more resources.

To your point on sales, we hear that message loud and clear from our investors all the time. We have solid products in all three divisions. I have to increase my sales force. We've done that. I added a salesperson on the West Coast as recently as in the last 30

days. I added a director of business development to address government identity, as well as the wireless space.

So, you're absolutely right, and we will continue to do what I call organic and inorganic sales growth. We'll continue to look for more salespeople to put in the company, and we'll start to exploit our partners, our hardware guys specifically, and use their sales channels to take our solutions to the market.

**Mr. Eric Barber:** Okay, great. Thanks for taking my call.

**Mr. Steve Williams:** Thank you.

**Operator:** Thank you.

We have another question coming from Vladimir Spiro [sp], a private investor.

**Mr. Vladimir Spiro:** I would like to ask you, about a year ago Senator Schumer, was having a conference with you, and you were talking about airline security, and then I got enthused about the company and I bought a lot of shares, but nothing materialized from that yet.

Can you elaborate on this issue?

**Mr. Steve Williams:** Absolutely.

The--thank you first for buying the shares. But we move--we continue to move on--in the airport segment, but understand there's multiple ways to sell to the government.

It was our best government quarter since the merger three-and-a-half years ago. The airports, as well as seaports, continue to be an opportunity for us. We're actively marketing that.

We obviously--in that case, that was Senator Schumer's decision to move on-- do a press conference.

We will continue to find those opportunities in airports, seaports and look to make announcements and have some wins in that area in the very near future.

**Mr. Vladimir Spiro:** Thank you.

**Mr. Jim Hart:** Jim Hart--.

**Operator:** --Thank you.

Our next question--.

**Mr. Steve Williams:** --Oh, --.

**Operator:** --Is coming from Ernest Caponegro [sp], a private investor.

**Mr. Ernest Caponegro:** Yes, good afternoon, gentlemen. Congratulations on the second quarter in a row.

A couple of questions. First of all, if you--can you give us an idea, maybe add some color to this, if you didn't do another dollar of new business this--for the next 12 months, what your base would be?

And secondly, on the TWIC card, do you know how many TWIC cards are actually out there in the marketplace issued, that are retained by employees or employers of different agencies? And how many competitors are really out there providing the level of services that you guys would be doing and how do they stand against our patents?

And then, the third question is, what do you guys really have to do as far as-- obviously selling more business, but to get this company to a recognizable double-digit growth level that could wake up the Street and pay attention to our stock without research?

**Mr. Steve Williams:** Okay, let me try. I got about eight there, Ernie, so let me give it a shot.

The first one is the base, we cut costs significantly. I don't have the Q in front of me. So, obviously, when we made that announcement last conference call, we talked about--we took about \$2 million out in cost, and I think the number was about \$4 million in EBITDA over 12 months. I think that was the number we used so, obviously--but understand that's not--that was at that moment. We will continue to look for process improvements and cost cutting measures.

Regarding TWIC, I don't have in front of me the exact number--.

**Mr. Ernest Caponegro:** --Steve, before you go on about that--so, right now, with the level of growth the company's at now, we're at about \$12 million annual revenues? Is that correct--?

**Mr. Steve Williams:** --Yeah, correct. Between 12 and 13--.

**Mr. Ernest Caponegro:** --Right--.

**Mr. Steve Williams:** --That's if we remain flat for the year, but--.

**Mr. Ernest Caponegro:** --Right.

So, if we're at--?

**Mr. Steve Williams:** --We reported--.

**Mr. Ernest Caponegro:** --Twelve to 13 million flat for the year, and you're able to increase revenues by 25 or 30 percent, that should just flow right down to the bottom line. Is that correct?

**Mr. Steve Williams:** Correct.

Well--but, understand there's cost of goods sold. Yeah, let me address that a little deeper.

So, three things, the three divisions--so, in the commercial space, if you're selling no hardware, just software, that's top and bottom line. If for in--however, it's a large hardware sale, though, our margins are better than most because we leverage our software, obviously that will effect. So, using our margins of 64 percent, roughly, that's what you can expect.

So, I wouldn't say--because you got to make an assumption. There are some cost of goods sold that pass through on hardware, but let's say we sold a lot of buoys, obviously there's going to be some expenditures there for raw materials.

So, in theory, obviously, we're much better off, but I wouldn't say it's all top and bottom line.

**Mr. Ernest Caponegro:** But, all your business the way it stands right now it has residual flow through every year.

**Mr. Steve Williams:** Correct.

About 20--about--we always say 20 percent deferred revenue across the board.

**Mr. Ernest Caponegro:** So, the way our base is working now, I mean, if, God forbid, we didn't do one--dollar one for the next year, we'd be making enough money to pay the bills, keep the lights on and obviously the cash in the bank.

**Mr. Steve Williams:** Yeah, I would like to think it's a little better than one dollar, right? So--.

**Mr. Ernest Caponegro:** --Well--.

**Mr. Steve Williams:** --I wouldn't go to the negative there, Ernie.

**Mr. Ernest Caponegro:** Yeah.

I'm trying to point out the fact that the attitude toward the stock is just way overboard and way under pessimistic about what the company's actually doing.

**Mr. Steve Williams:** Well, we thank you for that position.

**Mr. Ernest Caponegro:** All right.

Then, can you address the other two questions?

**Mr. Steve Williams:** Yeah, the other six--.

**Mr. Ernest Caponegro:** --Thank you very much for, you know, making that clearer.

**Mr. Steve Williams:** Yeah, I get it.

On the TWIC card, Ernie, there's several million out there. The question you asked though is employers--or let's see, I think that's your question, if an employee leaves, well that's where we start to really become beneficial because, you know, there are people out there that left an employer and should have turned in their TWIC card. And the employer, hopefully, did the right thing and turned the card off. So, now it's on this lost list or revoked list.

If you don't have a reader--and now there are millions of these cards out there, if you don't have a reader you are not going to be able visibly determine that card is no good. That is a significant security risk and a huge opportunity for our readers.

**Mr. Ernest Caponegro:** And who's really making that reader right now and how do we stand out--stack up next to them?

**Mr. Steve Williams:** Absolutely.

We, by far, are the leader in the TWIC space, but, unfortunately, the market's not quite as big as it could be.

When we get to the TWIC rule next year in 2012, you will see a demand because currently the Coast Guard allows you to do something called a Flash Pass. You hold the card up, they look at it, and you go through.

So--now, I will tell you we have been head to head in competition in many situations lately, and we're becoming the leader just like in DoD on how we're going to do the card--how we're going to do the reader.

We are platform agnostic on the reader. So, there are--before there were eight companies that were out there. We know of maybe two that remain in the space.

So, I'm not going to say that we are the only company, but we're very competitive, and I won't be beat in price in that space.

**Mr. Ernest Caponegro:** All right.

So, there's several million cards out there floating around. I mean, my son's got a card. He's had it for three years. Not once has he ever been asked to scan it through a system.

**Mr. Steve Williams:** Exactly right.

**Mr. Ernest Caponegro:** So, all these cards are out there. The government hasn't gotten its act together about who they want to use as a reader. And that's supposed to get turned on next year, is that what you're saying?

**Mr. Steve Williams:** I wouldn't bad mouth by client, the government, but I'll be happy when the rule goes into effect.

**Mr. Ernest Caponegro:** Okay.

**Mr. Steve Williams:** Let's see, what's the next one, Ernie?

**Mr. Ernest Caponegro:** I think you covered everything.

**Mr. Steve Williams:** All right--.

**Mr. Ernest Caponegro:** --the only other thing, obviously, is what we have to do, you know, ramp up revenue to get the Street to wake up and, you know, see our shares earn 10 or 15 cents a share in a quarter.

**Mr. Steve Williams:** We're going to keep doing what we've done in the last couple of quarters.

**Mr. Ernest Caponegro:** All right. See you guys next year.

**Mr. Steve Williams:** All right.

Operator, let me take a call here.

Jim, I'm sorry. I missed the call--.

**Mr. Jim Hart:** -- Jim Hart, Dominick and Dominick.

Following up the question regarding the Schumer visit a year ago June, he had sent simultaneously a letter to Napolitano with DHS. Do we know if she responded to him or to anyone?

**Mr. Steve Williams:** We do know--I would refer you to Schumer's office, to comment on the position; however, their response was, "We're in the middle of acquisitions and will have no comment for some time."

**Mr. Jim Hart:** Because there was, quote-unquote, a pool of 50 million that have been set aside?

**Mr. Steve Williams:** Correct.

**Mr. Jim Hart:** And that pool has now been--?

**Mr. Steve Williams:** --Congress de-obligated that funding from DHS for not spending the money.

**Mr. Jim Hart:** Hmm. Thank you.

**Mr. Steve Williams:** Once second, Dave [sp].

Yes, sir.

**Mr. Dave:** I wasn't knocking about having a research report, although, I think we should have that. In fact, the way you get the stock price up is by hiring an airplane to write it in the air, you know, "IDN, buy it or else."

Just a thought here. I've been thinking about the technical part of the stock price, not--everything sounds wonderful except the stock sits there like a dead rabbit.

Have we thought about maybe going to NASDAQ where at least we'll see more than 100 shares trade every two minutes? I never--I've followed stock for 50 years. I've never seen a stock trade like this. A hundred shares, 20 minutes later another hundred shares on the offering, and then if you buy it--[unintelligible] buy 500 shares of stock executed at 93 cents. The minute I bought it, some guy turned around and sold it for 91 cents.

I mean, wouldn't that-- I mean I don't know if you ever looked at this, but there's a little more maybe give and take and maybe more interest if we would get off the American, which has long been the home of [unintelligible] for years.

Have you looked at it? I don't know, maybe you can't get on it. Maybe you're not eligible.

**Mr. Steve Williams:** There are certain requirements to get to NASDAQ, but let me go beyond NASDAQ and talk.

We continually look for, one, to help the shareholders or address that issue. Liquidity and price, we understand that. We constantly look for is this--are we on the right market or exchange, so we'll continue to do that.

We bring that to the Board. The Board also brings it up from time to time. IRG, our investment relations firm, we use them as counsel to say, "What do you guys think? What do we do?" And we do a lot of analysis on that on a continual basis.

So, yes, is it something we look at all the time? Absolutely.

**Mr. Dave:** Are we not qualified to move there now? Is that one of the [unintelligible]? I don't know.

**Mr. Steve Williams:** I don't remember all the rules off the top of my head, but I currently do not believe we fulfill--meet the need--or the requirement for the NASDAQ. I know it's \$5 in market cap and some other things.

So, I think without given specifics, I know we look at it--.

**Mr. Dave:** --Well, \$5 [unintelligible] NASDAQ. It could probably go on the bulletin board for all I care--.

**Mr. Steve Williams:** --Exactly--.

**Mr. Dave:** --Anything's bigger than this--.

**Mr. Steve Williams:** --Exactly. So--.

**Mr. Dave:** --This is crazy--.

**Mr. Steve Williams:** --We agree.

**Mr. Dave:** Okay--.

**Mr. Peter Mundy:** --Okay. Well, so--.

**Mr. Steve Williams:** --Go ahead, Pete. Absolutely--.

**Mr. Peter Mundy:** --Just, we don't meet the criteria currently for listing on the NASDAQ. We had looked into this previously.

Most of the trades that we have currently on the company are electronic trades. Approximately 80 percent of the trading is not going through the Amex anyway. It's coming from the NASDAQ, it's coming from the other third-party markets, as well as electronic trading.

**Mr. Steve Williams:** As you noticed, IRG and the CFO started huddling and the Chairman while I was talking.

That goes to my point, we look at this continually. I recently went to an event and heard someone do a presentation on this very issue. Does it really matter any longer in today's electronic age what board or what exchange you're on? I don't know. That's a great question.

**Ms. Dian Griesel:** But, also, you know, you had [unintelligible] longer than I have. You know the NASDAQ counts their trades different than Amex--exactly than Amex or the New York Stock Exchange, so that exchange counts the trades going through once. NASDAQ counts it as divide [unintelligible]. You've got double the volume on any given day. So, [unintelligible].

**Mr. Steve Williams:** And for those of you on the line that was Dian Griesel, our--CEO of IRG, our investment relations firm.

Yes, sir.

**Mr. Bendal:** So, Steve, someone mentioned Senator Schumer. I have never in my career seen a United States senator, as he did, when Dian brought him--or whoever did, had written a letter out to the company.

And when I heard that, I thought, you know, he is such a TV wannabe that he'll be on every nightly broadcast. Now, that would be great for the stock if he came out the way he talked about it, but what I think it really does--would do it alerts throughout the country all those people that have no idea what Intellicheck does.

And so you know something, I'm the Chairman of a power company. We better put this in the nuclear plant that we have people going in--but the business that it would turn.

Is there any way outside of a generous campaign contribution that Schumer might come to Jesus if you have him come in and do it?

**Mr. Steve Williams:** Well, let me represent IDN's position. We, as a company, do not make political contributions, so, I'll leave that to the individual.

But, that was Senator Schumer on his own. So he recognized our technology. He came to visit us.

We continue to do that. We believe that we have a strong company with a great product. We think you will continue to see that level of interest.

We're going to be the great microcap story that we have significant level of interest.

I'll let my Board member, Mr. Guy Smith, address your question.

**Mr. Guy Smith:** Further to your question about political contributions, corporations cannot give at the federal level. It has to be through an employed political action committee.

**Mr. Bendal:** I was being a little funny about that.

**Mr. Steve Williams:** I thought you were trying to get me fired--.

**Mr. Bendal:** --I don't want to be quoted on that and have Schumer--.

**Mr. Guy Smith:** --I'm confident that Senator Schumer would be pleased with it.

**Mr. Bendal:** There's nothing wrong with an individual giving him an extra--.

**Mr. Steve Williams:** --The statements made by my Board members does not reflect the position of the company.

Yes, sir.

**Mr. Coblic:** -- Coblic [sp], an investor.

Last year at your meeting, you mentioned that the short position on the American Exchange or IDN was over a million shares or close to it. How is that positioned now, because of the volume?

**Mr. Steve Williams:** Yeah, this morning I actually looked that up, and you raised it earlier today I believe--.

**Mr. Coblic:** --yeah--.

**Mr. Steve Williams:** --Pete just told me about 250. I just checked it about an hour ago, it was about 240. And Nelson went to an event in DC not too long ago, and he actually got an award for our short position was so low and that was back what you remember.

**Mr. Coblic:** Yeah--.

**Mr. Steve Williams:** --So, our short position now is even less.

**Mr. Coblic:** Well, that's good.

**Mr. Bendal:** No, that's bad--.

**Mr. Coblic:** --I don't believe it was over [inaudible].

**Mr. Steve Williams:** Yeah, I don't believe it was over a million at that time.

Any other questions here in New York City?

**Unidentified Man:** I've got one more.

**Unidentified Man:** Sure.

**Unidentified Man:** In regard to Mr. Bendal's [sp] question, Senator Schumer did make a very good press conference, but in addition Senator Patty Murray, who's the co-chair of the Debt Committee, Senator Voinovich, who was on the Homeland Security Committee, and Senator Maria Cantwell, who's very much a high-tech senator, who used to be a senior vice president of Real Networks, all four senators wrote Secretary Napolitano a letter saying look at this technology. So, many senators are advocating a similar approach that it's time to look at new technology.

**Mr. Bendal:** So, the free dinner will have to go Napolitano, then?

**Mr. Steve Williams:** Yes, sir.

**Unidentified Man:** So, yesterday you mentioned that you were working with the Port of Authority about installing your product on the police--on the ships coming in through the harbor.

Now, I see--back up, I live out on the island, and when I go down to Long Beach or Jones Beach, they're all lined up, all the freighters and the tankers and whatever, in a row. You can see them for miles and miles waiting to come into the harbor.

How far have you gone with this idea, if you can ever get anywhere with it? I know you're in--on the Potomac. You installed one on the buoy in the Potomac in DC, but I was just curious how you're doing with New York.

**Mr. Steve Williams:** We're doing great.

As I mentioned we just got three million to do the integration, as the government's calling it. In other words, where is this going to live? Is it going to be here in New York owned by the Coast Guard? Is it going to be in Delaware? We have interest, both state and local there as well.

So, yes, that gap period that we had, the two-and-a-half months to get that contract online, that slowed us down a little bit, but one of the other IRG members, Enrique, who is sitting right there, the distinguished gentlemen in the white jacket, all those--it's not my pretty face that got me on TV. It's Enrique. So, that's what we're doing.

We focused IRG to launch us with that--Adam handles investors, Enrique handles PR, and what they do is try and get the story out.

So, that's what you saw on TV. If you look on our website at those clips, that's intentional marketing. That's not by chance; that's by design.

Now, we have this money to complete the research and development and move into commercialization, so we're very happy where we're positioned with the buoy system.

**Unidentified Man:** Thank you.

**Mr. Buck Bedard:** Can I just make the following comment? Shortly after 9/11, there were a number of different studies that were done about how do we best protect the homeland.

**Unidentified Man:** Okay.

**Mr. Buck Bedard:** And one of the things that came out of the study is we should probably start as far out on both the East Coast and the West Coast with a series of

channels-- the channels built by buoys where the ships have to pass through before they continue their entrance on either to the West Coast or the East Coast.

And so I think that aspect of the buoys and where we're going with it is certainly very, very positive in that direction. And we're conscious--that was looked a long time ago, but how do we implement it? And it's through a buoy system that will be used.

**Unidentified Man:** Well, I was told that there's a certain lane that the ships have to use--.

**Mr. Steve Williams:** --Absolutely--.

**Unidentified Man:** --When they come into the--before they get into the harbor--.

**Unidentified Man:** --Where it's going to go--?

**Unidentified Man:** --Because I owned a boat for many years, and they say don't go near this particular area here. You can only go out so far and don't hang around within those lanes because those ships can't stop.

**Mr. Buck Bedard:** Yeah.

**Mr. Steve Williams:** Let me-- for the folks on the line, the gentlemen who was just answering the other gentlemen's question is, General Buck Bedard, one of my Board members. So, he has a little bit of experience in the Marine Corps and the buoy world.

The--but to answer your question on the channel, yes, that's what you referring to is the channel. If you look--and you have to make sure you're not in the way of the ship, obviously--.

**Unidentified Man:** --Oh, no--.

**Mr. Steve Williams:** --But our system has the capability to reach far beyond the channel. So, we don't need to be in the channel, but we can light up the channel.

**Unidentified Man:** Well, but it makes it a lot--it's simpler.

**Mr. Steve Williams:** Absolutely--.

**Unidentified Man:** --You know where to put them because they will come through right on--.

**Mr. Steve Williams:** --Absolutely. And you can do several miles.

So, let me wrap it up with one last question.

The caller on the line--operator, this will be our last question. Go ahead, please.

**Operator:** We do have--our next question coming from Richard Carr [sp] a private investor.

**Mr. Richard Carr:** Thank you for taking my call.

Can you tell me the potential size of these three segments of your business? If you got--what's the potential of the size of these businesses--?

**Mr. Steve Williams:** --Well, thank you for your question.

We don't really provide projection or size or growth capability. Obviously, there are some things we can do to increase that number. We don't really have it scoped out to say this could go to, you know, a gazillion dollar business. We just don't provide those numbers.

Obviously, we'd like to be very optimistic and provide really big numbers, but I'll be here next year, and you'll be very mad at me if I don't make those numbers.

So, we really don't provide projections, but if I do a good enough job helping you understand the capability, hopefully you can identify how big the market can be.

With that, I would like to thank everyone attending here in New York, thank the callers for calling in, great questions, and we'll be with you in the next conference call next quarter--or actually, it'll be at the beginning of the year.

So, thank you, everybody. Have a great afternoon.

**Ms. Dian Griesel:** Thank you.

**Unidentified Man:** Nice job.

**Unidentified Man:** [Unintelligible.]

**Unidentified Man:** Yeah.

**Operator:** This concludes today's conference.

You may disconnect your lines at this time. Thank you all for your participation.