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Independent Accountant's Report

To the Management of X2Comm, Inc.:

We have examined management's assertion about X2Comm, Inc.'s (the "Company's") compliance with certain provisions of Report and Order FCC03-235 (the "Rules") as of July 1 and through February 10, 2006, included in the accompanying Completing Carrier's Representation Concerning compliance with the Rules. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Specifically, the examination was a follow-up to validate though performed test, there have been no significant changes and the procedures are consistent. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, as clarified in the paragraph above, management's assertion that X2Comm, Inc. was in compliance with the requirements of the Report and Order FCC 03-235 related to the design of controls and business rules as of July 1 and through February 10, 2006 is complete, accurate and fairly stated in all material respects.

This report is intended solely for the information and use of management of X2Comm, Inc., the Federal Communications Commission, the facilities-based carriers, and the payphone service providers compensated under the FCC Order, and are not intended and should not be used by anyone for any other purpose.



February 10, 2006

X2Comm, Inc.
270 South Main Street
Flemington, NJ 08822

Report of Management on Compliance
With the Federal Communications Commission's
Payphone Compensation Rules

Management of X2Comm, Inc. (the "Company") is responsible for complying with the requirements set forth in Report and Orders FCC 03-235, and FCC 04-251A1, effective July 1, 2004 (the "Rules").

Management has performed an evaluation of the Company's compliance with the Rules as of July 1, 2004, and as well as present. Based on this evaluation, management asserts that the Company has complied with the requirements of the Rules.

Specifically, we represent:

- Our Criteria for identifying calls originating from payphones is as follows:
 1. All call detail records "CDRs" are transferred from X2Comm, Inc's switch to centralized file storage.
 2. The CDRs are then imported into a database manager.
 3. A payphone CDR is identified by the Originating Line Identifier "OLI" digits of the CDR.
 4. OLI digits of 07,25,27,29 and 70 are identified as Payphone CDRs.
- Our criteria for identifying compensable calls is as follows:
 1. Identifiable payphone CDRs, in which the dialed number is toll-free, will be flagged in the PAYPHONE_CALL field to "Y".
 2. Identifiable payphone CDRs, which have the PAYPHONE_CALL field set to "Y" and the CALL_DURATION field is greater than zero ".0" are deemed compensable, and are transferred to the "XPCPDTL" table.
- Our criteria for identifying incomplete or otherwise noncompensable calls is as follows:
 1. Identifiable payphone CDRs, in which the dialed number is NOT toll-free, will be flagged in the PAYPHONE_CALL field to "N".
 2. Identifiable payphone CDRs, in which the CALL_DURATION field is zero "0".

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- Our criteria used to determine the identities of the PSPs to which the Completing Carrier owes compensation is as follows:
 1. The PSP info scheme contains all of the PSP address information, identification codes, and each payphone ANI is received from Telco Solutions. The XPSPANI , XPSPOWN and XAGGADR tables are populated with the information received from Telco Solutions.
 2. All calls from each of the PSP's ANIs are queried from the XPSPANI table. All matching calls are compensable calls.

- No clearinghouses or third party vendors are used by X2Comm, Inc. to complete the payphone compensation process.

- The Company obtains the following data from the Payphone Service Providers in order to compensate them:
 1. A soft copy file media containing applicable PSP information as defined by X2Comm, Inc. Payphone Service Provider "PSP" Data Format Definition Document which includes
 - a. A naming format including PSP name along with the quarter and year for which compensation is due.
 - b. PSP billing name, address, city, state, zip, contact name, and contact telephone number.
 - c. PSP Automatic Number Identification "ANI" for each payphone and the beginning and ending date of PSP ownership of each ANI during the compensable quarter.
 - d. The total ANI record count for each file.

As verified by the third party auditor in the Company's Systems Audit Report, the Company has complied with the 47.C.F.R. Section 64.1320 (C). Specifically the Company:

- 1) has procedures to accurately track calls to completion,
- 2) has identified persons responsible for tracking, compensating and resolving disputes concerning completed payphone calls,
- 3) has effective data monitoring procedures,
- 4) adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone tracking ability,

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- 5) creates a compensable payphone call file by matching call detail records against payphone identifiers,
- 6) has procedures to incorporate call data into required reports,
- 7) has implemented procedures and controls needed to resolve payphone compensation disputes,
- 8) has contracted an independent third-party auditor to test critical controls and procedures to verify that errors are immaterial, and
- 9) has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones, (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which the Company owes compensation.

Based on this evaluation, we assert that as of July 1, 2004, the Company is in compliance with the FCC's Rules as set forth in 47 C.F.R. § 64.1310 *et seq.*

Mark Pavol- Secretary/Treasurer-CFO
X2Comm, Inc.
270 South Main Street
Flemington, NJ 08822

By: _____



Title: _____

Sec/Treas

The Company representative responsible for supervising and overseeing the administration of call tracking, payphone compensation, and resolving disputes is:

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