

Operator: Greetings, ladies and gentlemen, and welcome to the Intellicheck Mobilisa Second Quarter 2009 Financial Results Conference Call.

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, James Carbonara, Investor Relations Group for Intellicheck Mobilisa.

Thank you, Mr. Carbonara. You may begin.

Mr. James Carbonara: Thank you.

Good morning, and welcome, everyone. Thank you for joining us today for our 2009 Second Quarter Conference Call to discuss Intellicheck Mobilisa's results for their fiscal quarter ended June 30, 2009, and to discuss other business developments.

In a moment, I will call upon our CEO, Dr. Nelson Ludlow, to lead today's call and introduce the other 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 minutes 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," "believed," "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 with any projection or forecast, they're 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 heading of "Risk 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 the use of this term.

I would now like to introduce Dr. Nelson Ludlow, Intellicheck Mobilisa's Chief Executive Officer to preside over today's call.

Dr. Nelson Ludlow: Thanks, James.

Good afternoon, and good morning to our west coast shareholders.

On the call with me today is Steve Williams, our Chief Operating Officer, and Peter Mundy, our Chief Financial Officer. And we're all sitting here in Manhattan, in New York City.

Our second quarter revenue was above 3.9 million. That resulted in a 45 percent increase as compared to second quarter of last year.

Net income was above 450K in profit, resulting in a two-cent earning per share. Adjusted E-B-I-T-D-A was 831K.

And further, we've developed our reoccurring revenue stream to roughly 17 percent.

So, in terms of revenue and profit, this was the Company's best quarter to date. All three of our product lines - Wireless Security, Government Identity, and the Commercial Identity group were all up in revenue for Q2 compared to the same quarter last year.

We closed a major commercial contract with a telecommunications provider, of which we already invoiced 1.13 million in new work in Q2, and continue to make additional sales to them under this agreement. We installed Defense ID at Parris Island Marine Corps Base, at Army's Fort Sam Houston.

Please note that last week's announcement of Fort Benning, Georgia, a project for roughly 800K, that'll post for Q3 and is not included in these numbers that we announced for second quarter.

Now, the Wireless team made significant progress on the Littoral Sensor Grid Project, building a Homeland Security protection zone of buoys with advanced sensors. That project's going well.

As I mentioned on our first quarter call, my strategy for the company in 2009 is to increase our top line revenues and to take the steps necessary to make that happen. In order to do this, we have added some expenses to the Company, hiring additional sales and development staff, built new products, and we started several pilot projects. So, the results, our expenses are up 11 percent while revenue is up 45 percent.

We also were named among the top 50 Fastest Growing Public Companies with a headquarters in Washington State. We rank sixth, up from 44 the previous year, beating other companies such as Amazon, Microsoft, and Starbucks.

In fact, of the non-biotech companies, Intellicheck Mobilisa was listed as the number one fastest growing public company in Washington State for 2008.

We launched a new product called ScanINN. It speeds up and improves the hotel check-in process. Our product can both read your driver's license and scan a credit card, and speeds up the overall check-in process, reducing the time customers have to stand in line.

The product was released at HITEC, or the Hospitality Industry Technology Conference, or trade show in Anaheim, California in June.

Also, this quarter, we announced three major ports, two in the top 10 of all US seaports started testing our mobile TWIC Reader. And I and others on our sales staff have met with administrators of many leading seaports who are likely to start testing our mobile TWIC Reader.

Another accomplishment was the resolution of the long-standing litigation between us and TriCom Card Technologies, where they recognized the validity of our patents.

So, I'll let Pete Mundy, our Chief Financial Officer, provide more color on the quarter's financials.

Pete?

Mr. Peter Mundy: Thank you, Nelson.

Good day to everyone.

I'm pleased to discuss some of the financial information that was contained in our press release for the quarter ending June 30, 2009, which we put out this morning. We anticipate the complete quarterly report on Form 10Q will be filed with the SEC this afternoon.

Revenues for our second quarter ending June 30, 2009 increased 45 percent to \$3,918,000, compared to \$2,710,000 for the previous year.

Total booked orders were above \$2.67 million in the second quarter of 2009 compared to approximately \$956,000 in the second quarter of 2008.

As of June 30, 2009 our backlog, which represents non-cancelable sales orders for products not yet shipped and services to be performed, was approximately \$7.3 million at June 30, 2009 compared to \$10.8 million at June 30, 2008.

Our gross profit percentage as a percentage of revenues was 66.5 percent for the three months ended June 30, 2009 compared to 63.2 percent for the three months ended June 30, 2008.

The gross profit percentage is expected to decrease slightly as we increase revenues, including more hardware in our product mix.

Operating expenses, which consist of selling general administrative and research and development expenses, increased 11.3 percent to \$2,153,000 for the three months ending June 30, 2009 from \$1,935,000 for the three months ended June 30, 2008.

As the Company experiences sales growth, we expect that we will incur some additional operating expenses to support this growth, including the hiring of additional salespersons and increases in our marketing costs, such as participation in more trade shows and the generation of marketing materials.

Research and development expenses also should increase as the level of research and development projects increase. And we continue to integrate the additional products and technologies with our patented ID-Check technology.

Interest income for the period was negligible.

Adjusted EBITDA for the quarter ending June 30, 2009 was \$831,000 compared to \$249,000 in the quarter ending June 30, 2008.

Our net income was \$452,000, or two cents earnings per diluted share, for the three months ended June 30, 2009 as compared to a net loss of \$212,000, or one cent per diluted share, for the three months ending June 30, 2008.

For the six months ended June 30, 2009, revenues increased 56.4 percent to \$6,040,000 from \$3,863,000 in the first six months of 2008.

Adjusted EBITDA increased to \$615,000 compared to \$31,000 in the previous year period.

There was a net loss of \$105,000, or zero cents per share, compared to a net loss of \$664,000, or three cents per share, for the first six months of 2009 and 2008 respectively.

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

As of June 30, 2009, the Company had cash and short-term investments of \$2,474,000, working capital, defined as current assets minus currently liabilities, of \$2,605,000, total assets of \$24,690,000, and stockholder's equity of \$20,817,000.

The Company currently has no bank financing or no long-term debt.

During the three months ending June 30, 2009, the Company used net cash and short-term investments of approximately \$350,000.

Capital expenditures were \$98,000. And there were no stock option exercises that occurred during the second three months of 2009.

We currently anticipate that our available cash and short-term investments, as well as cash from the operations, will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

I'll now turn it back to Nelson.

Dr. Nelson Ludlow: Good job, Pete.

I continue to believe in the importance of the TWIC program, the Transportation Worker Identity Credential program. Intellicheck Mobilisa saw the value of the TWIC program early on, and we've won three pilot projects for the TWIC Reader at major seaports, and we are receiving numerous calls from ports about the TWIC Reader.

I'm very excited about this project. And we're going to continue to keep pushing on that.

This quarter also saw introduction of our latest commercial product for the hospitality industry, ScanINN. And we've also developed and are preparing to release a new product, Assure-Scan, a product for pharmacy applications.

As you can see, we're increasing our emphasis on sales and business development. And so, I'd like to turn it over to Steve Williams to describe our new projects.

Steve?

Mr. Steve Williams: Thank you, Nelson.

We continue to build all three product lines - Wireless Security, Government Identity, and Commercial Identity.

As you heard last quarter, the Wireless Products group continues to successfully develop the Floating Area Network, or FAN, the Littoral Sensor Grid, or LSG, and the Radiation Hazard Modeling Software tool, or RADHAZ. These developments are continuing with great success.

Littoral Sensor Grid continues to be expanded, with new buoys having been installed and still more to come. With our partner, the University of Washington Advanced Physics Lab, we are creating the world's most advanced buoy communication system that allows for real-time monitoring of anything that is above, on, or below the surface of the water.

You can see video from the buoy's camera as well. Monitor the environmental conditions around the buoy by visiting our website at buoy.icmobil.com.

We've expanded our use of wireless-over-water technology on our buoys. We are now expanding our efforts to include using the buoys for emergency communication nodes.

The Radiation Hazard Modeling tool, or RADHAZ, continues to show promise with regards to expanding our market to areas other than the United States Air Force. We have seen significant interest in the ability to incorporate--the ability to measure the effects of radiofrequency on personnel in a field, but to also use our tools to incorporate buildings and lay our output on Google Earth for an even greater application.

We continue to research additional opportunities for both our modeling application, AIRchitect and RADHAZ.

Our Government Identity Systems continue to expand. As Nelson mentioned earlier, second quarter saw two major contract awards, Fort Sam Houston in Texas and Parris Island Marine Base in South Carolina.

In addition, our past customers have continued to purchase expansion equipment and subscriptions. We continue to see new bases purchasing this quarter.

We have also partnered with several large integrators to pursue capturing large groupings of installations rather than the pursuit of single installations.

TWIC continues to garner interest from the ports around the nation, and we continue to pursue sales and pilot testing on the program. We're being tested at three major seaports and are in discussion with another port to buy Readers to start a test that would be funded by the Department of Homeland Security.

Our Commercial Identity System has strengthened its position with tier one retailers and financial institutions, and now hospitality, and, in the near future, pharmacies.

As Nelson mentioned, this quarter our Commercial Product line had a significant win, garnering approximately four to \$5 million indefinite delivery/indefinite quality, or IDIQ contract, with a major telecommunications company. Our relationship with this company is solid, and we anticipate further collaboration to develop additional solutions.

BJ's Wholesale Club has been in develop phase for a period of time, and they recently moved from pilot to deployment for loyalty and credit card applications. They're growing to one of our top 10 customers.

Our financial institutions create opportunities in a couple of areas, with a variety of form factors from loyalty programs to credit card applications. We continue to work

with Barclays, GE Money, and JP Morgan Chase to support their partners, and in discussion with several other financial institutions to offer similar products and support.

We are also excited about the new release of ScanINN, our ID-Check technology designed specifically for the hospitality industry. ScanINN has recently started a pilot test at a national hotel chain, and shows great promise.

Our latest product about to be released is Assure-Scan. Building on our ID-Check technology, we have developed a product that helps pharmacies track pharmaceutical sales and helping pharmacies comply with state and federal laws. The product scans the ID and tracks the amount of controlled drugs purchased to be within legal limits. If it's above the limit, it notifies the pharmacist.

We are very excited about the prospects of both new products. As with Government Identity Systems, our current customers continue to purchase additional or returning consumables in the Commercial Identity product lines.

Thank you, and I'll turn it back to Nelson.

Dr. Nelson Ludlow: Thanks, Steve.

As you can see, all three product lines increased in revenue. And I'm even more excited about the new products that we're developing.

So, let's talk about the market and the potential, and why I'm so excited about Intellicheck Mobilisa.

Now, the Company's main products are Defense-ID for the military and the government markets and our ID-Check software for retailers and banking. And we've recently developed, or are developing new products, for seaports, TWIC, hospitality, and the medical markets or pharmacies.

So, let's look at those market sizes and typical estimated contract values. I think this information will be helpful to investors.

Now, the military market's approximately 270 US military bases located in the continental United States, and we are currently at approximately 70 bases. Average base purchases are approximately 250K, with reoccurring revenue, while some of the largest--larger bases, such as Fort Benning, last week we announced they purchased about 800K of products and services.

Our ID-Check software is being used as an enterprise license at five tier one retailers and with several other major tier one retailers using it in a different fashion.

Now, we offer solutions that are priced by contact point, or by an enterprise license to integrate our software into the Company's point of sale, or POS. We've more than doubled our commercial identity sales staff.

Major retailers use our software for loyalty card, for credit card application, consumer fraud prevention, for many different purposes. And we believe we are the market leader in this space, as well as the military space.

We've--our solution provides a complete 50-state solution, comprehensive service and support, and our own key patents surrounding this technology.

One of the key features, of course, is our 24/7 help desk.

Let me talk about the retailers. There are about 228 tier one retailers--those are companies that do over a billion dollars in annual revenue--and approximately an additional 324 tier two retailers.

Now, our contract values vary from a mid-six figure to a mid-seven figure depending on the retailers numbers, the point of sale, how they use it, and whether it's only software or there's also hardware and an installation component with it, as well.

We are also receiving a reoccurring revenue stream for updates to our driver's license database from the retailers.

Now, I'm excited about our new products, our Mobile TWIC Reader and ScanINN. There's approximately 180 US seaports that could use the TWIC Reader.

I presented our product at an evaluation recently at a major seaport. And our strengths were many. We were in the very first round of ICE, Initial Capabilities Experiment, approved products by Homeland Security. So, we were essentially the first mobile reader product approved by DHS for TWIC.

Not only does our product read and evaluate the cardholder's TWIC card, but it also allows for mobile registration for the user into the major security systems such as Lenel and AMAG are two of the big ones.

Further, our product reads the TWIC card, plus it reads the driver's license, which differentiates our product from the TWIC-only solutions.

We're being tested at three major seaports, and are in discussion, as Steve said, with another major port to buy readers to start an official test. It would be funded by the Department of Homeland Security.

The price points and margins are approximately the same as our Defense-ID equipment. However, seaports have many more traffic lanes than a military base, and, therefore, we expect the typical seaport to be two to three times as large a sale as a typical military base.

Again, there's a reoccurring revenue stream for data subscriptions for the driver's license updates and the service and support.

Now, the ScanINN product, it's a recently released product that we just released in June, and I'm pleased that we're already in a beta test in a major hotel chain. According to the Bureau of Labor Statistics, there's about 62,000 hotels in the United States. And ScanINN equipment and software is approximately a \$1,000 per point for the hotels, and there's also a reoccurring revenue for updates for that that product.

Now, we're about to introduce our Assure-Scan product for pharmacies. This is a new market that we will evaluate. There are more than 56,000 pharmacies in the United States. The National Association of Chain Drug Stores, or NACDS, reports that there's about 39,000 pharmacies operated by a traditional chain pharmacy, supermarkets, mass merchants, then there's about 17,000 others that are independent pharmacies.

This product will be priced competitively and will be in a similar price in margins and reoccurring revenue stream as to our hospitality ScanINN product kit.

We have other products and markets that we're looking at, and you will see that Intellicheck Mobilisa is going to be adding new products and development and sales staff, as Pete mentioned, as we continue to grow the company. I'm a big believer in Geoffrey Moore's book, Crossing the Chasm. And in his thesis, the goal is to become a market leader in one market, and then you expand into other markets, or you build new products to serve that existing market.

That is exactly our plan. And I think you can see that in how we're growing all three product lines. And you can see when we're adding new products.

So, let me recap. We posted record revenue, record profit, we added new sales staff, and we continued sales to the US military. We are seeing new business opportunities in hospitality, in pharmacy, and seaports. And Q3 has already started out well for us.

So, on a final note, our annual shareholder's meeting will be held October 27th in New York City, and we hope many of you will be able to join us in person or listen to the call.

And I'd like to now open it up for questions.

And James?

Mr. James Carbonara: We would now like to address any questions you may have.

Out of respect for other listeners, please state your name, organization, and try to clearly and succinctly state your comment or question.

Operator: Thank you.

Ladies and gentlemen, in order to ask a question, please 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'd 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 keys.

One moment, please, while we poll for questions.

Our first question comes from the line of Richard Carf [sp] with Rockwell Global Capital.

Please proceed with your question.

Mr. Richard Carf: Well, first and foremost, congratulations, guys, a great quarter. You guys just--ever since your entry into the company, Doc, you have just done exactly what you said you were going to do. And I commend you and I congratulate you all on a great job.

My questions, one, rely--is in regards to the TWIC program. The TWIC program testing, if I remember correctly, had started up in the beginning of last quarter. How long is that testing for before you get either a yea or a nay from them? That's one question.

The second, the only problem that I have, that--or I see lack of is attention to the stock. You guys are doing--in an economy that's been poor, you're increasing revenues, you're increasing your earnings per share, fantastic. There's not that many companies out there doing it.

And there--but, you don't have any analysts following. You don't have volume in the stock, which again, goes back to PR and getting out there.

So, what are you doing in regards to that? Those are my two questions.

Dr. Nelson Ludlow: Richard, this is Nelson. Thank you.

Definitely, this was a team effort and I'm very happy with the team we have. And I think, as we mentioned, we've added to sales staff, which, to me, was kind of a no-brainer. I'm very glad we did that. And I think you saw that we increased our cost a little bit, 11 percent in the expenses, but revenue was up 45. I mean, that couldn't have been anymore textbook if we tried.

Regarding the TWIC program, the very first one I think we announced was on April 1st, I believe, the very beginning of last quarter.

That is a small port that is--well, I don't want to say small. Medium sized port, but is not in the top 10 of US seaports. And they've given us a lot of feedback. They have not purchased it yet, but I'm happy with that one because of the--that helped us build out the other two.

The test is approximately a 90- to 120-day test. The difficulty with the TWIC program is getting funding for it. There is not a congressional mandate that--or law that says they have to have these readers. What's nice is the--Steve Williams mentioned that we're talking to another seaport, which is an official Homeland Security test in addition to these three ports that are already testing our equipment.

Each step leads to the next step. So, the fact that they were testing, that's what led to this Homeland Security test. We do well on the Homeland Security test, hopefully they'll get some funding and they'll start pushing or requiring government flow. There's no way around it. This is very similar to how we rolled out the military bases. It was hard work. We had to keep pushing.

We--and by the time they do get their funding, you have to already have been there, already be tested, already know them, already proven system. That's not the time to just start building a TWIC Reader, which I think one company did try to mention on their conference call that they were going to do that. That, to me, seems late in the game.

I don't have a specific time when they're going to buy, but we're going to keep the pressure up. And this is not uncharacteristic for a government program.

Attention to stock volume analysts, we--same deal there. We're just--we're increasing the energy. We're increasing the emphasis on it. We hired the Investor

Relations Group also in the last quarter, so we've only had about one quarter of having them on our team to help push that.

Let me tell you a couple things that they have done for us. Most of our press in the past, frankly, was press releases. We've got a lot more press now. I've been interviewed by radio, we've been interviewed by trade journals, we've been interviewed by magazines. Just this morning, we were sending some photos for a Washington Technology piece on our product.

So, we continue to do that. It's going to take more energy.

The reason that we're holding this call in Manhattan is the--after this call, for today and the rest of the week, we're going to be meeting with the investors up here, with several one-on-one meetings with them. And if there's people on the call that want to meet with us, contact our investor relations group, and we'll do that.

And I think one thing you can't see is we can see who the people that are on the call, and I'm pleased to announce there's more people on this call and there's new people on this call. It's maybe not happening as fast, as quick as some of the shareholders would like, but we're just going to keep the pressure up until we do get more people following us.

We're doing a good job. We've got to get--continue to get the word out.

Operator: Thank you.

Our next question comes from the line of Bernie Capanagro [sp] from--a private investor.

Please proceed with your question.

Mr. Ernie Capanagro: Yes, good afternoon, gentlemen. This is Ernie Capanagro.

Congratulations on your latest quarter. I mean, any time any company in this environment can come out and say that it had record earnings and record profits, somebody should stand up and take notice. But, then, again, maybe you become a ward of the government and somebody will also notice you.

I've got a couple of quick questions for you, and maybe you can allow me a follow-up. Can you add some color to the total amount of customers that you have total, and specific details on this Telecom deal, and what you think you can get out of that marketplace?

And at the same time, can you tell us the--any other progress that you might be having with the government, and what are the other government programs we have beside the TWICs contract going on? It's been a while since we've talked about that.

Dr. Nelson Ludlow: Okay, Ernie. Very nice to hear you on the call.

With regard to total customers, that's why I tried to recap and do something different we haven't done in previous conference calls. I tried to break out each market, tell you exactly how many locations we're at and what the possible size of the market could be. Obviously, somebody isn't going to get 100 percent market penetration, but I wanted to give you some ideas of what they were.

So, military bases, 270 that are just in the continental United States. We're at 70 of those. Retail stores, you know, we are at five enterprise licenses. We've--probably at another five to 10 different various forms of tier one, but there's 228 tier one retailers that do over a billion dollars at 324.

So, we're at five major enterprise licensed ones. The previous ones that we've mentioned before were Target at Toys 'R' Us. A couple of these companies--L.L. Bean was one of those.

The Telecom company that you asked about, they are a major one. They're obviously one of the big ones that everybody's heard of. They won't let us use their name. But, you know what? We still did a press release, with their concurrence, to mention it.

And here's what it's--it's used for a lot of different applications, including if you go in to get a new account, instead of having to stand in line for so long, you can scan the driver's license, and it speeds that process up. Every time I stood in line at a cell phone company, it takes a long time.

So, it's a good contract. It's approximately a four to \$5 million value contract. It is what's called an indefinite delivery/indefinite quantity.

But, we're pretty confident about it. We have a good relationship with them. And in this Q2, they already bought a little over a million dollars worth of products, software, and services, and are already starting to roll it out.

So, the contract technically lasts--.

Unidentified Man: --Three years--.

Dr. Nelson Ludlow: --Three years. But, I think you're going to see most of the equipment probably roll out before that.

And let me see if there was any other items that Ernie asked about.

Government progress, I think we mentioned the TWIC program. And we're continuing to push in the military sales recently. I mean, we've got the Navy and the

Army authority to operate. And then, just recently, the Air Force also gave us some more updates on their authority to operate.

So, that's still all moving along.

Operator: Thank you. Our next question comes from the line of John Bendall with Hermitage Capital Market--Capital Management Limited.

Thank you. You may proceed with your question.

Mr. John Bendall: Hi, Nelson.

Hi, Nelson.

Dr. Nelson Ludlow: Hi, John.

Mr. John Bendall: Could you give us a little idea on the Fort Benning contract? That was a big dollar amount? A couple of questions to that.

Can you expand a little bit on the margins on something of that size, number one? And number two, is that base about as big as you could get? And how many of those size bases are still out there that can support seven to 900,000 that--dollars revenue for you guys?

Dr. Nelson Ludlow: Yeah, John.

Fort Benning is one of the larger bases. It is not the largest base. There are several other large bases along those lines.

They have equipment at the visitor center, and they have equipment at their lanes of traffic that come in.

If you took an average of a base, average of a base is between 250K to 300K, which is what we state. But, we've had cases where a very small little Air National

Guard base up on Long Island, you know, maybe they'll purchase for 60, 70K because they only buy one or two--you know, a few devices, let's say.

The margins on the equipment is approximately 50 percent. We do get a reoccurring revenue stream for a monthly--for the database updates, and we also provide training, installation. We get paid for that.

So, we get a pretty healthy reoccurring revenue rate out of that.

Steve, you got any other--?

Mr. Steve Williams: --No, I don't. And John, this is Steve.

What we're seeing is, and something I had mentioned is, a lot of our bases are either adding to what they already had, so we're seeing an increased deployment application from not only at the gate, but they could also be used in a roving patrol situation, special events. We recently just did a graduation ceremony for the Marine Corps.

So, I mean, there--what--what's happened is, the product is coming into its maturity so that the end user, the client, also understands other applications where they can deploy the system.

Dr. Nelson Ludlow: And so that Fort Benning, for example, does not--is not being currently used in roving or car patrol, so this could be a whole new area.

So, it would not be unexpected that Fort Benning may buy additional equipment. In fact, almost--most of our customers, in fact, do that. So, that would not surprise me a bit to sell additional equipment to Fort Benning.

Mr. Steve Williams: And if you would have asked us the same question two year ago, our average base was roughly 100 to 150K, so it's already moved to 250. So, it--this has been coming for a while.

Dr. Nelson Ludlow: And then, this could directly add--because there--I think somebody had a comment before, that sent us something about that that was the largest base in the military and you'll never see a contract any bigger. That's not the case at all. There are several other large bases and, as you saw, we're only at 70 of the 270. So, there's still other bases out there.

Operator: Thank you.

Once again, ladies and gentlemen, if you'd like to ask a question, please press star-one on your telephone keypad.

Our next question comes from the line of Ernie Capanagro.

Please proceed with your question.

Mr. Ernie Capanagro: Yeah, let's try it again. It's Ernie Capanagro.

Sorry, gentlemen, I had asked a follow-up, but I got cut off by the operator.

Can you go back and give us some idea on the telecom deal? How many potential customers might walk up to the door like that?

And going back to the driver's license business with the DMVs all over the country, are we still doing anything in that respect?

And as far as the applications with banking and finance, are we seeing any changes there?

There are stocks of some of the major banks have doubled and tripled in the last couple of months. Are they starting to get some religion in looking at ways to cut their losses on fraud?

Thanks a lot.

Oh, and can you guys expand on if insiders are able to buy any stock right now?

Dr. Nelson Ludlow: Okay, Ernie, let me try to make sure I get these things.

Regarding the Telecom deal, they have--this company has over 10,000 branch locations. And they're just--and they're going to be rolling this out throughout the country.

So, people that are on the line, if you visit your--well, you know, one of these stores and you see a driver's license reader equipment in there, and I believe one of the things is branded with Intellicheck Mobilisa right on it, so you're going to see our name and logo right on it if you look for it. And that's going to be rolling out over the next few months. So, there's a lot of stores for them to add to.

DMVs. Yes, we are--several of the DMVs do use our equipment to do that. We are one of the--a test lab for the American Association of Motor Vehicle Administrators. We work with the State DMVs that are our partners.

And L1 is one of our partners as well. In fact, they often--since they make most of the driver's licenses, we work with them closely. And they're one of our better customers that sometimes either resell equipment or provide equipment and services through us to the DMVs. So, often, when you see something at a Department of Motor Vehicles, there's a high likelihood that that's one of our products, or software inside it.

The Bank and Financing, that one is continuing to grow. We--you saw that we did a case study by Fiserv, and Fiserv is our partner in this. I like partnerships, particularly when somebody is the leader--a market leader in its space, and Fiserv is.

We're not going to go door-to-door to each bank, but they have successfully sold and installed over to 200 banks on our product for new accounts. That continues to grow.

For insider trading, currently we are--the directors and officers are still in a blackout period, but that is being lifted as of--.

Unidentified Man: --Wednesday morning.

Dr. Nelson Ludlow: Thursday morning.

Unidentified Man: Thursday.

Dr. Nelson Ludlow. Thursday morning.

So, we usually have a one--day and a half type of block period. So, we're going to be--that's going to be lifted.

But, let me just say one thing, because I have talked to several shareholders before, and I know it's old adage that you want to see insiders buy. I mean, that makes sense. I understand that.

But, let me just throw one thing out here. All of the officers that are in the company, I don't think any of them are millionaires, or multi-millionaires, the rich guys that are believers in this company. They all work hard. They have kids that go to college.

So, if you're expecting they're going to put a huge amount in, I wouldn't track-- don't make that direct assessment to see that. These guys believe, and every one of them has bought. To my knowledge, nobody's sold since Frank Mandelbaum just passed

away, and we still--we're big believers in this company. So, while our insider trading may be small, it's not that our belief in the company is.

Operator: Thank you.

Once again, ladies and gentlemen, to ask a question, please press star-one on your telephone keypad.

We have a follow-up question from the line of Richard Carf. Please proceed with your question.

Mr. Richard Carf: I forgot to--it came back in my memory.

A while back--you said that you just started with the hotels--but, a while back you guys actually had--I don't know what it was being used for, but it was at the MGM in Vegas where I would think that, not only for the hotels, but also for the cashiers--where you cash in all your chips when you're a winner, I--that'd be of good use there.

You are not, at this point in time, allowed to say what hotel you're working with. But, the truth of the matter is, you guys were--or had--I don't know if you still have a unit at the MGM.

Do you still have that there?

Dr. Nelson Ludlow: Yeah, Richard. Yes, we do still have it up there. But, let me tell you one difference that's kind of a before and after type of thing.

Outstanding technology. You can adapt something and put it in a hotel. It can count chips. It can do that.

What we've done differently in this case is we designed a product specifically for a market, and we branded it with a name. The product before didn't have a name. This product works with all the different property management systems, the PMSs. It's a piece

of hardware. It's software. It's a combined system. It's part of our help desk. It's a new offering.

So, there's a little bit of a difference. Rather than showing yes, there is some technology and it could do it, now we have a very clean, very nice product that we're marketing, and with sales folks particularly going after that market.

Ryan Anderson is our Vice President for Hospitality Programs. He's the guy that leads that group.

And so, yes, we were at MGM before, and the technology was there. I think we've kind of moved it up a couple clicks towards a really nice product now.

Operator: Thank you.

Our next question comes from the--a follow-up from John Bendall. Please proceed with your question.

Mr. John Bendall: Yeah, Nelson.

What I was trying to get at on the last one, when they make a decision at something as big as Fort Benning, does that final decision come within the base itself, or has it got to come from outside, wherever outside is located?

Dr. Nelson Ludlow: Oh, okay, John. Good question.

We primarily sold base by base in the past. Our largest one was we did three bases at once one time.

Fort Benning made their decision on their own. So, that was a unique base.

We are working with the Defense Department to, I'll say, go service by service, and not defense department all as a group yet, but the Army is working on a program. The Air Force is working on a program, and the Navy is as well, to actually try to install

regions or being service-wide. We're as tight in on that as can possibly be. The government moves slow, or slower let's say.

And so--but, we're tracking it. They're not quite there yet, but all three of those programs exist. And, I mean, that's going to probably be the future. They're going to shift it to--we keep selling base-by-base to putting out a--an RFP, you know, and we-- people actually bid. And if the government puts out an RFP, we welcome that. We want them to do that. And we would happily compete. And we think we have the best product and best value.

Mr. John Bendall: And just how long did it take you all on the Fort Benning from beginning to end, Nelson?

Mr. Steve Williams: Yeah, John, this is Steve.

Fort Benning was actually a very quick procurement, somewhere in the 30-, 60-, 90-day window as normal. It's somewhat dependent on the government fiscal year and funding, but, in Benning's case, that was a large procurement and it wasn't very protracted at all. It actually moved very, very quickly. And as you can imagine, once they give us the order, they expect it delivered and installed immediately, which we did.

So, that--that's kind of the norm, installation by installation. But, these bigger integrators, the bigger things that we're talking about, rebuilding fences and all of that, those are a little longer lead, and several of them, like Nelson mentioned, we've been working for over a year now.

Mr. John Bendall: Okay. Well, thank you very much.

Dr. Nelson Ludlow: Thanks, John.

Operator: Thank you.

Our next question comes from Kent Beckman [sp] with SDV International Logistics.

Please proceed with your question.

Mr. Kent Beckman: Yes, I just have one question about the sales force. In your last conference call, you said you were going to hire six new people. I think you said-- had hired four at the time.

I was just wondering what percentage of salespeople will be allocated toward the Commercial, Government, and the Water sector?

Dr. Nelson Ludlow: Kent, we have a--two-thirds of our sales staff is Commercial--well, let's say three quarters--and one--three-quarters is Commercial, one quarter is Government, and we have no salespeople that are for--full-time, let's say, to Wireless.

That doesn't mean Steve Williams and I don't work that. And we are actually recruiting someone right now to be the--kind of a senior guy for our wireless business development.

That's going to be the areas--you know, to everyone on the call, we--we've got very good technology. We've got good products, in my opinion. And you're seeing us increase on marketing, increase on sales, increase on business development. And that's why our costs went up a little bit, like 11 percent, but you saw the revenue went up, too.

So, it's stepping on the gas pedal. We are spending a little bit more gas, but the--you know, the speed's coming up, too. So, that's what we want.

Operator: Thank you.

Our next question comes from the line of Ernie Capanagro. Please proceed with your question.

Mr. Ernie Capanagro: Yeah, guys, I just wanted to ask a real quick question. I just thought about this when we hung up.

I think I have some paperwork that you had put out, like, a year or two ago, that-- you said you were actually responsible for nailing over 25,000 known bad guys, or I guess, for lack of a better word, wanted people.

Is there any kind of number update that you can give us on that now? And what was the--giving maybe some flavor or idea of the kind of people that you've procured using the technology?

Unidentified Man: There--.

Dr. Nelson Ludlow: --Hey, Ernie.

The latest--the last number that we had was over 60,000. One of the worst gangs in the United States had some people go onto Quantico. And those guys were posing as moving van workers, and they went on to the base. And one--the reason they were posing as workers is they could case people's homes and steal things.

And our system, with the help--well, the Marines, using our system, they scanned these guys ID cards and they were on major wanted lists, and they were able to apprehend them right there.

On our website are some other ones being used in courthouses in the state. The Marshals used our system in the State of Ohio, Sheriff's offices. There's a lot of different areas. Law enforcement is one possible area, but the military bases, it's well over 60,000 that they've stopped.

Operator: Thank you.

Ladies and gentlemen, at this time there are no further questions. I'd like to turn the conference back to management for any closing remarks.

Mr. James Carbonara: Well, I'd like to thank everyone for being on today's call.

You know, we're making progress. We're going to continue to keep working hard. I can assure you that the management team and the Board of Directors, we're united in the direction we want to move the Company. And you can see that we are making progress.

I appreciate the shareholders' loyalty and their questions, and their involvement in this. This is a team effort. I mean, you're invested in it, we're invested in it, and I'd like you to work with us and the IR firm. If there are opportunities that you see, let us know. If there are investors that we should speak to, let us know. If there's press opportunities, you know, call us and let us know, because we're all in this together and we want to continue the progress and get the word out.

So, you're a part of that, and we appreciate your time.

Operator: Thank you.

Ladies and gentlemen, this concludes today's teleconference.

You may disconnect your lines at this time.

Thank you for your participation.