

**Operator:** Good day, and welcome to the Intellicheck Mobilisa special conference call.

Today's conference is being recorded.

At this time, I would like to turn the conference over to Amy Hager, Intellicheck Mobilisa's Communication Manager.

Please go ahead, Ms. Hager.

**Ms. Amy Hager:** Thank you very much, and welcome, everyone. Thank you for joining us today for our 2008 Third Quarter Earnings Conference Call to discuss Intellicheck Mobilisa's financial results for the fiscal quarter ending September 30, 2008, and to discuss other business developments.

In a moment, I will call upon our CEO 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 statements.

Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Security Litigation Reform Act of 1995 as amended. When used in this conference call, words such as "will," "believe," "expect," "anticipate," "encourage" and similar expressions as they are related 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 the management's current expectations and belief about future events.

As with 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, 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.

Now, with that out of the way, I would like to introduce Dr. Nelson Ludlow, Intellicheck Mobilisa's Chief Executive Officer, to preside over today's call.

**Dr. Nelson Ludlow:** Good morning.

I want to thank the shareholders for taking time to join us.

Recently, we had a shareholders call just three and a half weeks ago to coincide with our annual shareholder's meeting held on October 14<sup>th</sup>. The purpose of that call was to announce the results of the annual shareholders' meeting and to give a State of the Company presentation, which is on our website, and to give a pre-announcement of our third quarter financials, along with a short Q&A period.

Well today, we welcome any questions that you have, and particularly we'll discuss the financials in detail, and we will formally--reported them via press release this morning, and our filing of the 10-Q with the SEC today. We will also cover any recent or last month's accomplishments.

And on the call today is Steve Williams, our Chief Operating Officer; Pete Mundy, our Chief Financial Officer; and also on the call is Mr. John Paxton, Sr., our new Chairman of the Board.

As you can see from the financials that we reported this morning, we continue to grow the revenue, increase new bookings, positive EBITDA, bringing in more cash than

we're spending, and we are very proud to report this quarter a profit. In Q3 of 2007, revenues from traditional Intellicheck business were approximately \$857K, and revenues from the traditional Mobilisa business were a little bit over \$2 million for the quarter. So, that combined revenue for Q3 last year was \$2.9 million.

This year, for Q3 of 2008, the merged company had revenues just over \$3.5 million, 313 percent increase, or more than four times increase, of revenue by Intellicheck by itself. Looking at the revenue just for the quarter, we increased over 22 percent for the same quarter. So, we're growing both organically and, obviously, inorganically.

To recap, in Q2 of this year, we reported \$2.7 million, in Q1, \$1.15 million. And you got to remember, in that Q1, that the merger took place on March 14<sup>th</sup>. So, only two weeks of the first quarter was combined.

Mobilisa's revenues pre-merger was just over a million, \$1.05 million. So, if you're trying to calculate year-to-date combined numbers, which is how I like to think about it, you need to add a little bit over \$1 million in revenue to the numbers that were released this morning.

Our YTD revenue is \$7.4 million. And when you add in that Mobilisa pre-merger revenue, it brings it to about 8.45, eight and a half million. For year-to-date, the company has organically grown at over 33 percent just for that nine-month period.

As far as earnings, after you take into account approximately 400,000 of non-cash expenses that related to the Mobilisa intangibles from the merger--that's required by GAAP--and non-cash expenses of stock options of about 100,000 for the quarter, leaving our net income as slightly positive for the quarter of 152,000, or a one cent positive

earnings per share compared to last year of a loss of five cents per share, or about \$608K loss for Q3 of 2007 from traditional Intellicheck.

We're also pleased to report that we had positive earnings before interest, taxes, depreciation, or amortization, or EBITDA, of approximately 592,000 for the quarter. I mean, that's the real number. That's the number you pay taxes on, essentially. That's the number of cash coming in. So, you can see we're bringing in money.

As we stated pre-merger, after so many years of losses, the new company's goal was to get us EBITDA positive as quickly as possible, and then followed by profitability. As I said on our last conference call, my internal goal was to be EBITDA positive within roughly the first year.

As you recall, our management team, our employees, they did that all in the very first quarter, our very first full quarter. And now, after completing our second full quarter, we've turned the company from reduced losses to what I would call a rough breakeven of the last quarter to now profitable this quarter, all in about six months. So, employees, shareholders, we should all be proud of that accomplishment.

We've also improved our position in cash. Our accounts receivable are up. Our accounts payable are down. And to me, this is the best indicator of a number what I call a health number, which is the cash and cash equivalents, plus the accounts receivable minus accounts payable.

So, in a healthy company, that number should go up. And as you recall, I gave a briefing, which is on our website. If you evaluated the previous Intellicheck numbers, those numbers were almost always negative. If you saw through the merger that transition and then last quarter, or 2/2/2008, we had turned the company around and had a

positive health number, making more money than we spent. And that was about \$300K positive.

Part of that was from people exercising stock options, but it was still positive. This quarter--and this is very important--in Q3 of 2008, our health number is about \$950k for Q3. We are approximately \$1 million healthier by this standard than we were just last quarter. This is a major accomplishment.

We had no burn of cash this quarter. In fact, cash and investments at the end of the quarter were up and closed on 30 September at about 2.3 million.

So, in summary, we are better on top line. We're better on bottom line. We're a much healthier company. And I'll let our CFO, Pete Mundy, give you the specifics on this quarter's financials.

Pete?

**Mr. Pete Mundy:** Thank you, Nelson. Good morning, everyone.

I'd like to discuss some of the pertinent financial information that was contained in our press release for the third quarter and the nine-month period ended September 30, 2008, which we put out this morning. The complete quarterly report on Form 10-Q will be filed with the SEC later today.

I would like to point out that the information I'm about to address, as well as the reported results in the press release and in the quarterly report, include the results of Mobilisa for the period March 15, 2008 through September 30, 2008, since the merger was completed on March 14, 2008.

Revenues for the quarter ending September 30, 2008 increased 313 percent to \$3,539,000 compared to \$857,000 for the previous year. Total booked orders increased 145 percent in the third quarter of 2008, from \$1.1 million to \$2.7 million.

As of September 30, 2008, our backlog, which represents non-cancelable orders for products not yet shipped or services to be performed, was approximately \$9.4 million compared to \$2.6 million as of September 30, 2007. This significant increase is principally a result of the backlog from Mobilisa.

Approximately \$7.5 million of the current backlog could be recognized over one to four years. Mobilisa has a significant amount of multi-year research and development contracts with the US government that will be recognized as the research is performed.

In the commercial ID market, the actual revenue recognition periods are determined depending upon the release dates by the customer. Our gross profit percentage increased to 72.5 percent for the third quarter of 2008 compared to 54.6 percent in the third quarter of 2007. The gross profit percentage increase in 2008 was a result of a change in product mix.

The increase in the margin was principally a result of the high-margin Mobilisa revenues in the quarter, including R&D contracts where the related labor costs are included in research and development costs.

Total operating expenses, which consist of selling, general administrative and research and development expenses increased by \$1.3 million, or 117 percent, to \$2,413,000 for the third quarter of 2008 compared to \$1,113,000 for the third quarter of 2007.

Expenses in the third quarter of 2008 include \$1,190,000 of Mobilisa costs as well as merger-related intangible amortization costs of \$406,000. So, on a comparative basis, Intellicheck's historical operating costs decreased by \$297,000. This reduction is principally a result of merger-related synergy savings, including reductions in headcount, reductions in sales and marketing expense, and lower legal and consulting fees.

Selling expenses were \$454,000 in 2008 compared to \$355,000 in 2007. General administrative expenses were \$1,275,000 in 2008 compared to \$478,000 in 2007. Research and development fees were \$684,000 in 2008 compared to \$281,000 in 2007.

Interest income decreased by \$28,000 to \$10,000 in 2008 compared to \$38,000 in 2007, principally as a result of a lower average invested funds and lower interest rates in the current period.

In the third quarter of 2008, we have not recorded a tax provision due to the expected utilization of net operating loss carry-forwards. We are proud to report that our net income in the third quarter of 2008 was \$152,000, or one cent per share profit, compared to a net loss of \$608,000, or five cent per share loss, in the third quarter of 2007.

For the nine-month period ended September 30, 2008, revenues increased by 224 percent, or \$7.4 million, from \$2,282,000 for the period ended September 30, 2007.

Revenues from the company's historical business increased 42 percent to \$3,240,000, and Mobilisa's revenues contributed \$4,162,000. Our gross profit percentage of revenues amounted to 73.3 percent for the nine months ended September 30, 2008 compared to 61.6 percent for the same period in 2007. The gross profit

percentage increase in 2008 was a change in product mix. Once again, the increase in the margin was principally a result of the high margin Mobilisa revenues in the quarter.

Total operating expenses increased by \$2,146,000, or 56 percent, to \$5,976,000 for the first nine months of 2008 compared to \$3,830,000 for the same period of 2007.

Expenses in the first nine months of 2008 include \$2,747,000 of Mobilisa costs, as well as merger-related intangible amortization costs of \$881,000. So, on a comparative basis, Intellicheck's historical operating costs decreased by \$1,211,000.

This reduction expense is again principally attributed to the same items described above.

In addition, the 2007 period included a \$152,000 death benefit paid to the spouse of the former CEO. Selling expenses were \$1,172,000 in 2008 compared to \$1,161,000 in 2007. General administrative expenses were \$3,113,000 in 2008 compared to \$1,838,000 in 2007. Research and development fees were \$1,691,000 in 2008 compared to \$831,000 in 2007.

Interest income decreased from \$136,000 for the nine months ended September 30, 2007 to 52,000 for the nine months ended September 30, 2008, which is a result of decrease in our cash and short-term investments as well as lower interest rates received on the investments during 2008. As a result of the factors noted above, our net loss decreased 77.6 percent to \$512,000, or two-cent loss per share for the nine months ending September 30, 2008 from \$2,288,000, or a 19-cent per share loss, for the nine months ended September 30, 2007.

Now, I'd like to focus on the company's liquidity and capital resources. At September 30, 2008, we had approximately \$2.3 million in cash and cash equivalents in marketable securities and long-term and short-term investments.

A portion of our cash was invested in short-term municipal auction rate securities, which encountered liquidity problems in the marketplace. These investments have been converted, or are in the process of being converted, to CDs and money market accounts with a specific emphasis on FDIC insured protection. And I'm happy to report that 300,000 of the 800,000 of our securities were already converted as of this morning.

We have no bank financing or long-term debt. We have total assets of 56.9 million in working capital, defined as current assets less current liabilities, of \$2.2 million. Our current ratio of current assets to current liabilities as of the quarter ending September 30, 2008, was 1.7 to one.

The merger with Mobilisa brought in approximately \$336,000 in cash to the company. We received cash proceeds of \$288,000 from stock option exercises in the first nine months of 2008 compared to \$232,000 in the first nine months of 2007.

Excluding the cash received from the merger, we used net cash of only \$59,000 during the first nine months of 2008 compared to \$2 million in a cash burn in the first nine months of 2007. During the third quarter of 2008, we actually increased our cash and short-term investments by \$267,000.

We currently anticipate that our available cash on hand and marketable securities, as well as the cash from our operations, will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months.

We do not rule out that we may choose to raise additional funds at some future time or to fund for more rapid expansion, fund additional marketing expenses, develop new markets for our ID check technology, enhance our operating infrastructure, respond to competitor pressures, or acquire complementary businesses or necessary technologies.

I'll now turn it back to Nelson.

**Dr. Nelson Ludlow:** Thank you, Pete.

We're all very proud of IDN's first profitable quarter and our numbers. However, this is not the time to rest or to celebrate. Now is the time to work even that much harder to continue and increase growth. We have to continue the success, and I want to now focus on the future in this discussion.

So, you will learn that we have a lot of business opportunities in the works. We must replicate our successful instant credit application from a driver's license to other large retailers, make a major sales push with our TWIC reader at the seaports, and continue wining at the military bases and the government.

Our wireless projects are increasing. I am speaking next week at the Maritime Security Conference for Port Security in San Diego. Port security is an ever-increasing importance, and actually gaining funding.

You heard Vice-President Elect Joe Biden recently mention that our country will be tested within the first few months of a new administration. Well, our security products are in place to help protect our country. Security is not going away. And our position within the market is increasing.

So, we'll have Steve William, our Chief Operating Officer, now describe some of our new projects in business development.

Steve?

**Mr. Steve Williams:** Good morning. Let's talk about some of our business development accomplishments for this quarter, leading off with the wireless business unit.

The wireless business unit continues to successfully develop the floating area network, or FAN; the littoral sensor grid, or LSG; and a radiation hazard modeling software tool, or RADHAZ.

The wireless team built on the successes of Trident Warrior '08, a large-scale US Navy exercise, where FAN was identified as one of the most promising new technologies. The success of FAN during that military exercise led to IDN being selected as the lead integrator for consolidated off-ship wireless systems for all of Trident Warrior '09.

Navy's expansion of the idea for wireless, not just between ship-to-ship, but from ship-to-close shore, ship-to-aircraft, Navy ship-to-Coast Guard, ship-to-Boarding party or ship to the rescue party, there are several competing projects. And the Navy, to their credit, is organizing this and moving forward to build a true Floating Area Network with Intellicheck Mobilisa as the integrator of our and other company's technologies.

We recently received an additional \$3.18 million of funding from the US Navy to continue developing the littoral sensor grid, or better known as our Buoy project. This funding will be used to deploy buoys in the Puget Sound area of Washington State to create a wireless autonomous buoy system that provides both environmental awareness and security of waterways around the world.

The radiation hazard modeling tool, or RADHAZ, is a tool being developed to measure radio frequency, or RF, in an open environment, and includes the ability to add buildings and people to measure the effects on items in an RF field. This tool is a development that was funded by the United States Air Force and built on another IDN software tool named AIRchitect, which is wireless planning tool.

There are several business development efforts continuing in the government identity systems business unit, such as the TWIC reader, or Transportation Worker Identification Credential, also several authorities to operate for Defense ID, and the addition of some new customers.

Our IM 2700 TWIC reader is on the list of products that have completed the initial capabilities evaluation conducted by the Department of Homeland Security. What this means is that a port may purchase our device to secure their facility. IDN had developed this product several months ago, and successfully making this list is the next step in developing the market.

Our sales force has contacted numerous ports around the country, and all of the ports are in a pilot phase of the TWIC program. We have also recently partnered with several large system integrators that already operate in many of the ports around the world. Last week, we visited several larger integrators and large ports on the West Coast to use Intellicheck Mobilisa's TWIC readers.

Defense ID has now received an authority or an interim authority to operate from all military branches. This enables the military installation to purchase and install Defense ID today. We installed Defense ID at seven new military installations this quarter, most notably Bethesda Naval Medical Center, which supports the White House.

We also have continued to make recurring sales to several of our customers and had additional sales to five existing clients. We've expanded the use of Defense ID beyond the Department of Defense.

We are currently conducting a pilot program with the United States Marshall Service in Ohio to screen visitors to federal courthouses. This pilot is ongoing. By using

Defense ID, the Marshall Service had already identified and arrested several wanted felons entering the federal courthouse. Defense ID could be used in courthouses around the country.

Our commercial identity systems successfully completed testing and rollout to major retailers and continued development of future rollouts to retailers, grocery stores and financial institutions. We recently completed successful pilot and deployment of our driver's license reading technology to Payless and Stridrite Shoes stores. This deployment is nationwide and allows for an instant credit application at the point of sale. We will continue to pursue large retailers for this type of opportunity.

Our transaction-based model is also of interest to develop a per-swipe recurring revenue stream. This deployment has shown benefit to our grocery store customers and some of our financial institutions. We will also continue to pursue this model.

Our financial institutions continue to provide revenue in a variety of form factors, from loyalty programs to credit card applications. During this quarter, we completed, successfully, the Disney Friends and Family Program.

As with the government identity system, our current customers continue to purchase additional recurring products. Our larger retails, such as Target, continue to be a significant customer to IDN. All business units completed a profitable quarter and saw growth once again.

Back to you, Nelson.

**Dr. Nelson Ludlow:** Thank you, Steve.

As you can see, we have a lot of business opportunities in the works, and all three business units are helping and are growing. I'm more than pleased that we have a healthy

future lined up. In addition to that, we have recently restructured the Board of Directors. And our new Chairman is Mr. John W. Paxton, Sr.

But first, I would like to thank Mr. Jeff Levy, our former Chairman, for his services. He's still a very important member of our Board and will be serving as the head of the Governance Committee. And Jeff Levy was instrumental--very crucial--in making the merger happen. So, I would like to thank you, Jeff, for your service in that.

Well, let me briefly mention John Paxton's background and why I'm so excited about this and how he'll be helping us grow.

John Paxton earned the title of "Turnaround King" throughout his career. He successfully transformed struggling companies into moneymakers. As President of Zebra Technologies, he transformed negative earnings into record earnings of more than 82 million.

As CEO of Telxon Corporation, Mr. Paxton increased shareholders' value by 300 percent. And I was one of the shareholders, by the way, and thank you, John, for that at Telxon.

And while as CEO and Chairman of Intermec, John Paxton grew revenue from \$45 million to over 300 million. During his tenure, Forbes Magazine listed Intermec as one of the best 200 managed companies in America.

Mr. Paxton joined the Board of Mobilisa in 2003, and has been Mobilisa's Chairman since 2004. And as you may know, he has been our Vice Chairman since the merger of Intellicheck Mobilisa.

Paxton brings 30 years of senior management experience to the wireless voice and data, packaging, aerospace logistics and manufacturing industries. He's currently

Chairman, and was the recent CEO, of Pro Mach, Incorporated, a leading provider of integrating packaging products, and he also is director to Force Protection, which is a publicly traded company on NASDAQ, under the symbol FRPT.

In addition to Mr. Paxton's corporate experience, he brings to Intellicheck Mobilisa venture capital and fundraising experience as Chairman of Odyssey Industrial Technologies, a joint venture partnership with Odyssey Investment Partners in Manhattan.

Mr. Paxton has a Master of Science degree from LaSalle University, and is a registered professional engineer and a fellow at Seattle Pacific University. John Paxton is my business mentor, and I am happy to introduce John Paxton, our new Chairman, to say a few words.

**Mr. John W. Paxton, Sr.:** Well, thank you very much Nelson, and thank everyone for dialing into our conference call today. And I want to make a special thanks to all of my fellow Board members and employees of the Intellicheck Mobilisa company.

I'm very excited about having the opportunity to lead the Intellicheck Mobilisa Board, and I've seen many companies over my career, but few have the opportunities as great as Intellicheck Mobilisa.

The need for security, and particularly identity products and services, are expected to increase over the next several years. The company is well positioned and has a strong backlog of contracts, new products, no debt, sufficient cash, positive cash flow and now profitability.

We have things going in the right direction. However, we have a lot more work to do, work that I have done many times before. And now we have to work to grow IDN and focus on that.

I'm trying to be a pillar to this organization, and look forward to working our partnership with Nelson and the employees and the directors of the Intellicheck Mobilisa combination. We have to continue our hard work and focus on the implementation of our objectives, and that is crucial. And we have to do this with the entire management team as we go forward.

And I'd like to thank the kind words that Nelson said. And I'd also like to say that we have, I think, one of the strongest management teams now, and one of the strongest Board of Directors that I've served with and I'm proud to be a part of it.

Thank you, Nelson.

**Dr. Nelson Ludlow:** Thank you, John.

So, to recap the call, we've increased new bookings. We've added new products. We're replicating what works. We have a new Chairman of the Board. We have a new focus. And we're now profitable.

But, this is the time to dig in even harder to even produce better, and you're going to see that energy and focus from us as we're shifting gears and moving on to the next level.

So, at this time, we'd like to address any questions that our shareholders have. And in respect to the other listeners, please clearly state your name, organization and succinctly state your comment or question. And we would be happy to answer any and all questions.

**Operator:** Thank you.

Ladies and gentlemen, at this time, we will be conducting a question and answer session.

If you'd like to ask a question, 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 handsets before pressing the star keys.

One moment, please, while we poll for questions.

Our first question comes from the line of John Bendall with Hermitage Capital. Please proceed with your question.

**Mr. John Bendall:** Good morning, Nelson, and I applaud the numbers a lot faster I think than any of us expected and you've done a great job. There's no question about that.

In saying that and praising you, I do have a few comments. I've been involved with this for about eight years. And as you know and have seen, I think I'm one of the larger shareholders.

And we see that these numbers today are, as I said, quite different from what anyone would imagine six months ago, maybe even three months ago. But, it's my feeling that the Board and management ought to really consider having this company sold.

I say that because I don't think there is anyone on this line that hasn't been through the struggle from 2002 when the stock was 19.45 with a market cap of over \$200 million. Now, we have doubled the shares. We have a market cap of about \$40 million.

I say that because I don't think you're going to, or getting a fair shake with these kinds of numbers. And the reason I say that is because I think prior management, and I think a lot of us know who they were, including some of the Board members, turned their head when it came to telling shareholders exactly what was going on and the way it was touted. And I think you're suffering from that.

Here we have wonderful numbers, wonderful backlog, and we have totally 4,900 shares and the stock is up 1.9, 1 point, almost 2 percent.

Saying that, perhaps one could say, "Well we're just turning it around," or "we're just starting." But, with the Dow Jones and the S&P selling at less than 18 times earnings with decent dividends, I think it's going to be a lot of time before someone goes down and looks at this. We don't even seem to be able to get the stock up to \$3.00, where I think it probably should, at least now, sell. We have no volume.

And again, I go back on prior management. It's not your fault. You have done a great job, and I applaud Mr. Paxton's past. I think some of the prior and some of the current Board members I have a lot of trouble with.

So again, as one of your largest holders, I hope the Board will think about this. We know that 1 has had an interest. I think you even mentioned that to me. General Electric is making acquisitions left and right in their Security Division, which is growing and also competing in some ways with you.

So, I hate to be such a spoiler on this call. But, you know, do we sit back here a year from now and we see the stock at the same price? That's a big concern with all of us. And I know you have to take the blunt of a lot of e-mails from people who are frustrated. But, if we have to go another year, two, three, I'm not sure that the base of your holders will remain the same.

Saying that negative opening, I do again applaud you; you've done a great job. I'd just like to see you get a little bit rewarded. And I suspect, if you looked at this conference call today, you'll see it's pretty much the same people that have been around forever. They've been loyal shareholders.

We had some type of public relations, if you want to call it, a few years ago that--not your fault--but the management paid a lot of money to have faxes sent out, which did nothing, and no new holders were brought into it. And I'm not sure how we're going to expand the shareholder's base.

But, again, I want say you've done a great job. I have nothing negative at all to think of you and what Mr. Paxton does, so--have done.

Thank you very much. I'd like to hear your comment.

**Dr. Nelson Ludlow:** Okay. Thank you, John.

And first of all, yeah, I very much appreciate--you've been a longtime and large and valuable shareholder. And, as you know, John, we've talked several times and you give constructive criticism and I welcome that from all our shareholders.

We're in this together. I have no hidden agenda. My number one goal is to grow this company.

Let me try to address some of these points that you brought up. First of all, the Board of Directors. It's hard, and I would say probably inappropriate, for me to comment too much about the past. I'm a guy that looks forward and pretty much don't worry too much about the past.

And we've made a lot of changes in this company. And you can see that, you know--and I appreciate your kind words. The numbers were changed, and that wasn't by accident. That was because of the management team. We made some cuts, as you can see. That's pretty interesting. We can cut one group by \$1.2 million in costs, but yet at the same time, that group is now actually bringing in more revenue.

We're doing business 101 the old fashioned way. We're working hard. We're doing real business approaches. We've also had different members of the Board. And I can tell you, at a recent Board meeting, every director on the Board of Directors is absolutely committed to growth and in support of the management team. So, I'm very happy with that.

Now, the question of whether to sell or not. Here's the beautiful thing on that: the way I look at it is it's the same path whether we're trying to sell or whether we're not trying to sell, is we got to get our numbers in place.

We have to increase revenue. We've got to cut costs. We've got to become more profitable. And we have to show a string of several quarters in a row of continued approach.

Now, I've talked to several investment bankers, analysts. And on April 4<sup>th</sup>, since we were a new company, we got to go to the AMEX and ring the opening bell, and Steve Williams and I went and visited several potential investors that very day.

And I'll tell you what, they really weren't that interested in the story at that time. They said, "We've heard promises before. We're not that interested." And it wasn't that positive of a reception.

Six months later, now that we've turned things around, now that we have profitability, it's a different story. I've spoke to three analysts in the last two weeks. As you know, we did have an investment relations firm, and we ended that relationship.

And we're in the process of interviewing several investor relation firms in Manhattan next week. And we are about to hire a public relations firm to help tell the story of our technology.

And here is really the bottom line on this: it's hard to go in and tell a story when you don't have numbers behind you to back it up, and now we do. And so, when our management team meets with investors and analysts, it's a lot easier to say, "Here are the results that we've accomplished" rather than a bunch of hype and promise.

So, I'd say we're in a different position than we were six months ago, and so I'm going to do the same thing, continue to grow, and now start adding more IR and PR support and analysts, and this is the perfect opportunity to do that.

Looking at the list of shareholders, the one thing, John that may be a surprise is there are actually several new names of people that we've never seen before. And I'm excited by that. We're getting a new set of shareholders and new people of interest, as well as the loyal shareholders that have stuck with Intellicheck for all these years.

So, I hear what you're saying, and I'm not opposed to companies making offers on our company. But, at the same time, I'm just going to keep my head down, grow the

company, and that'll just make us that much more attractive to companies that may want to purchase us.

**Mr. John Bendall:** Yeah.

Nelson, again, thank you. And again, I want to underline that you have done a very good job with your team out there. And that part of it is very encouraging.

And I don't mean I'm throwing in the towel because I wouldn't do that. I just want to see that we can take some of this value and run with it. So, I'm sure you're going to do the right thing.

Thanks a lot, Nelson.

**Dr. Nelson Ludlow:** Thank you, John.

**Operator:** Our next question comes from the line of Steven Wisebrod who's a private investor.

Please proceed with your question,

**Mr. Steven Wisebrod:** Yes, good afternoon, Dr. Ludlow.

Just real quickly. I've been following this stock for about a year now. I've been following the merger and so on.

The thing that interests me most about this is Homeland Security opportunities. And the one thing that I would like you to elaborate, if possible, is a little bit more on the TWIC program, exactly what's going on with that. I've been on the last couple of conference calls, and you mentioned that it seems to be an ongoing stage, but how is the process evolving?

**Dr. Nelson Ludlow:** Thank you, Steven.

Yeah, the TWIC program is near and dear to my heart. We're doing very well on that. And what I'm going to do is I'm going to take the opportunity to have Steve Williams, who is sitting right here. And Steve was the guy that actually led the team and was there at the actual evaluation of our product with the Homeland Security guys.

So, this is a golden opportunity to actually hear from the guy that was right there in the room.

**Mr. Steven Wisebrod:** Appreciate that.

**Mr. Steve Williams:** Thanks, Nelson.

A couple of thoughts that we've experienced since the initial capabilities evaluation by Homeland Security in Charleston, South Carolina. We've discovered that, even though there were other companies that submitted, not all companies completed support team scenarios as required by the Department of Homeland Security.

The thinking is that they'll allow other folks opportunities to demonstrate their capability. To date, we're the only company, I'm aware of, that completed all 14 scenarios that validated all components of the TWIC card.

So, we've taken that and leveraged it with some of the major port operators-- operators around the country, and as I mentioned in my opening statement, in that we will partner with some of the systems that already exist out there.

What that means is we will integrate with existing systems. We don't need to rebuild system, which is cost-effective for the port operators, and it creates leverage our experience in with Defense ID. We understand how to use traffic flow. And what's important to the ports is not to slow down folks getting to work or going home, but increasing security at the same time.

So, we've been leading the way with the TWIC program from the very beginning. We are, in many cases, platform agnostic, so we can develop to whatever hardware exists. And you will see us continue to move in that direction with other platforms as we continue to grow the TWIC program.

Our sales force has visited already the majority of the ports around the country, and, in the initial stages of the pilot, there were five major ports. We've talked to either the ports directly or the integrator for that port already. So, we feel like we're in the lead in that regard.

**Mr. Steven Wisebrod:** Okay.

You mentioned that there were 14 processes. The other companies that have tried, do they get knocked off the list as a result of not completing processes?

**Mr. Steve Williams:** Unfortunately, no. This is a pilot program where they're trying to open it up as many as they can, and in the initial go-round there was only less than a handful of hardware providers. But, the intent is to try and evaluate as much as they can.

But, when given a head-to-head opportunity, specifically, the lead integrator I met with last week, has already decided they will not use the other hardware. So, from that perspective this particular company operates five major ports in this country.

**Mr. John W. Paxton, Sr.:** Steve, may I also chime in on that a little bit?

**Mr. Steve Williams:** Absolutely, John.

**Mr. John W. Paxton, Sr.:** Yes.

Steve--our investor, typically, the government does not want to award contracts or have only a single provider. They typically would like to have several.

The significance of us being able to be the only provider that met all 14 requirements is that we very well could be the lead provider, which means that you get the bulk of the business, and they will keep a second provider in the background just in case something happens. So, that's kind of the methodology they've been using over many, many years that I've been associated with government work.

So, I think, as Steve Williams said, we're in a very strong position, and it has to be done very quickly. So, we're ahead of everyone else. That's a big plus.

And thirdly, the TWIC card was just standardized and just developed. We were working in parallel with the government as they were developing that TWIC card, and that's why we were compliant with all 14 requirements.

**Mr. Steve Wisebrod:** That's wonderful.

And I assume you've met with more than one integrator?

**Mr. Steve Williams:** This is Steve Williams.

We have. We have met and made agreements with most integrators and most recently the integrator, to give you size and scope, it's an international company traded in London, and has 500,000 employees around the world. So, we have multiple integrators, numerous Fortune 500 companies. So, we are not locked into one integrator. We will partner wherever business opportunity exist.

**Mr. Steve Wisebrod:** And it seems like you would be able to roll that even quicker as a result of having the integrating teams out there. Correct?

**Mr. Steve Williams:** Correct.

**Mr. Steve Wisebrod:** Okay.

And the second question I have for you is that you mentioned the buoy systems; that you were working on a system for Puget Sound. I understand, you know, we're in the continental USA and, obviously, you have Alaska and Hawaii. Is it possible that this would be sold to ally countries, such as England, Israel, so on, that may need this type of security for the ports?

**Dr. Nelson Ludlow:** It is possible.

We are focusing in the US. The United States is probably the most well-funded and most aggressive on Homeland Security over other countries, so that's the market we're going after the most with that. And that's why you'll see at our conference, we are both a presenter and a demonstration participant, like at that Homeland Security conference next week in San Diego.

And we're going to be showing our buoys that can be used at any port to protect them. Again, this is another new, both this and the TWIC program; they're at the beginning steps. This is a new product that's been released, and we're just getting into the market. So, I'm very excited about both of these.

**Mr. Steve Wisebrod:** Yeah.

And the best part, obviously, is that the Navy's funding a lot of these projects. Correct?

**Dr. Nelson Ludlow:** That's absolutely correct. I mean, that's the best way to do it. Instead of taking a bunch of venture capital and taking forever and wasting a lot of dollars to get there, we're actually doing it on contract. So, the Navy is paying us. Homeland Security is paying us to build these products and services, and that's even better.

**Mr. Steve Wisebrod:** Yeah.

And if you weren't meeting the steps, they obviously would probably cut of your funding?

**Dr. Nelson Ludlow:** There's several no-go steps all along the way and, if you're not performing, absolutely. And you'll find in the buoys project, with the Floating Area Network particularly, that we had a big naval exercise where it was tested this summer, and there was somewhere approximately 200 different technologies.

And of those, they selected 12 and we were one of those. So, we're doing very well in that project.

**Mr. Steve Wisebrod:** Great. Great.

Wonderful quarter. Wonderful news. Looking forward to the future.

I probably would suggest not selling the company at this price. I'd have to disagree with the prior caller.

Anyway, thank you for your time, guys, and I'll listen in to the rest of the call.

**Dr. Nelson Ludlow:** Thank you.

**Operator:** Our next question comes from the line of Robert McCabe with EWM Investments. Please proceed with your question.

**Mr. Robert McCabe:** You've answered my question with your previous answers, but I want to compliment you on the progress you've made and hope that you can continue with the same rate of growth.

Now, it would appear that you are two-third government and roughly one-third commercial in terms of your business?

**Dr. Nelson Ludlow:** Yes, that's correct. We are two-thirds, one- third.

**Mr. Robert McCabe:** Right.

**Dr. Nelson Ludlow:** In all three business units, the wireless, government ID and our commercial ID are all roughly in revenue about a third, a third, a third.

**Mr. Robert McCabe:** Thank you.

**Dr. Nelson Ludlow:** Thank you.

**Mr. Robert McCabe:** Keep up your momentum.

**Dr. Nelson Ludlow:** Thank you.

**Operator:** Our next question comes from the line of Richard Carp with Rockwell Global.

Please proceed with your question.

**Mr. Richard Carp:** Good morning, gentlemen, and great quarter. I have a couple of questions, and I just have a comment.

To date, you have received over \$3 million from the Navy for R&D, were you keep all of the intellectual properties, correct? In the last six months?

**Dr. Nelson Ludlow:** Well, we do. We do keep the intellectual property, and we have some other programs called Small Business Innovative Research Grants, and we keep the IP on those, as well.

**Mr. Richard Carp:** So, it's safe to say that the Navy has paid over \$3 million for R&D where you keep all the patents and intellectual properties that, when everything is said and done, whatever revenues are going to be derived would be a lot more outstanding than that.

**Dr. Nelson Ludlow:** Well, you know, our Defense ID program originally was funded by the Navy, and we converted it over into a commercial product.

And that's exactly what the government wants you to do. They like seeding out research, but, at the end of the day, they want to buy a clean product that has support, that has warranties, that's easy to use, that has training support, total product offering.

And so, that's how we successfully do it. We get them to pay the R&D, and then we convert it over to a real project.

**Mr. Richard Carp:** All right.

The last conference call, you had mentioned lightly some of the partners, and one that I picked up that was new was SAIC. And on a separate call, I called you up and asked you what area you were working on with SAIC.

I don't know if your shareholders know too much about the company and what they do. But, they are about 80 percent government. Is that correct?

**Dr. Nelson Ludlow:** Yes. The SAIC, I used to work for SAIC, and they're an outstanding large government contractor like Lockheed, Boeing, one of the big guys.

**Mr. Richard Carp:** All right.

And from our conversation, you told me you were working on the wireless with them at this time.

**Dr. Nelson Ludlow:** Correct.

We're on the wireless contract. We have been doing wireless work with their Navy SAIC group in the Washington, DC area, and we're also on their Seaport E contract with SAIC.

**Mr. Richard Carp:** All right--.

**Dr. Nelson Ludlow:** --Which is a large umbrella contract for force protection, Homeland Security, and wireless. So, we have the contract vehicle and partnership in place with SAIC to do whole host of different work.

**Mr. Richard Carp:** Right.

One thing that was not mentioned on the last call--we were limited to questions on the last call--you had hired a big-time patent attorney you had mentioned at the end of the first quarter. He was on the conference call. And obviously that was to protect the patents and also to fight the current fight you've had in the West District of New York--is it west or east--but what's the update on that scenario.

**Dr. Nelson Ludlow:** Okay. Yeah. I'd be happy to get--yeah, we did.

His name is John Lang. He's our general counsel. He's on the call. And he's also a longtime friend of mine. He used to work at a company, a firm called Preston Gates, and that's Bill Gates Senior, that Gate, and his specialty is IP. Let me just say two quick comments, and I'll pass it then over to John to comment.

First comment is the leading reason that I wanted to have Mobilisa merge with Intellicheck is their patent portfolio. I met with several different firms prior to the merger, and they all were impressed with the range and how encompassing those patents are.

And so, I've spent a lot of time and we may not be able to talk on all the details of it, which is just best for the company, but I can tell you I've been in many meetings this quarter and in the quarter before, and I'm very pleased with our patent portfolio.

Second is we've talked to essentially everybody, or near all of them, that are either using technologies that are similar or we think may be close to stepping on our

patents. And I think you're going to find that this management team is aggressive, but way more interested in making business deals and bringing in money to the company than instantly jumping to lawsuits.

So, I'm very comfortable with the approach that we're doing. We are discussing with lots of different people. And so, I'm pleased with where it's at. I don't have specifics that I'm comfortable with saying on this call, but, in general, we are talking to a lot of different people, are making a lot of things happen in this regard.

And I'll pass it over to John Lang.

**Mr. John Lang:** Sure.

I don't have much to add on the business side. On the Tricom litigation, there is a minor update in the sense of that that litigation had been stagnate for two years. There were two motions that were before the judge.

One of them I would call a more minor motion of trying to disqualify the other side's counsel for conflict of interest. Just last month, the judge did rule on that motion and chose not to disqualify the counsel, their, Tricom's counsel, on a conflict of interest.

So, I guess the defeat of that motion I don't think is significant. The good news in that regard is it appears to be back on the judge's radar screen. So, there's a possibility and again, I don't know.

Judges are judges for life, and they work on their own time schedule, but I'm hoping that we would see a decision sometime in the future sooner, rather than later, on the other motion that's before them.

Again, I do not know whether that's true or not. I, internally at my desk, am hoping that that's the case.

**Mr. Richard Carp:** All right.

And the last thing I just want to say, I want to welcome John Paxton aboard. And again, I want to say to Jeff Levy, thank you. The shareholders have no idea what you went through to get this merger done. And I salute you, and I thank you.

I understand Mr. Bendall's frustration. I've been involved with the company from the private placement stage all the way through, and owned stock as high as \$19.00.

However, I know that right now the volume is light and everything else, but now you'll get a lot more interest since your company is profitable. And I've been involved with companies that have gone down to 50 cents before they went to 50 bucks from growth.

So, patience is a virtue in the industry, especially in our industry. And I want to salute you guys for what you've done in such a short period of time. You've done more in six months than Frank and the rest of the team was able to do in six years.

So, I thank you for that. Continue. You have my pledged support.

**Dr. Nelson Ludlow:** Thank you, Richard.

**Operator:** Our next question comes from the line of Bart Blout with Saw tooth Capital Partners.

Please proceed with your question.

**Mr. Bart Blout:** Yeah, Nelson.

It sounds like you have a number of irons in the fire, and I wonder if you could pinpoint one area that you think would be turbo-charged for the next 12 months.

**Dr. Nelson Ludlow:** Yeah, Bart. Thank you for being on the call.

The one that I'm putting a lot of energy in and we're increasing; that's why we're hiring a PR firm. That's why we're putting up some movies. That's why I'm hiring new sales guys. That's why they've already been to 70, 80 percent of the ports with the TWIC program. My intention is to really push out into that.

The government is required by April 15<sup>th</sup>, everybody has to have one of these cards. Well, what do you do with the card? And if you look at the card, there's a lot of problems with it. It doesn't even meet Homeland Security's own specs as far as the information printed on it.

They're supposed to have date of birth. They're supposed to have gender. There's other things that are missing on the card, on the printed part. However, it is all embedded into the chip, the fingerprints and all that stuff. The only way they can do anything with it is the reader.

I recently met with a Senator that's in charge of transportation that issued those cards. And I told the Senator the problem within this program is that, if somebody is holding this card, it's almost carte blanche to go anywhere.

So, do you really need to be on that seaport? Do you really need to be on that airport? Well, how do you know? There's only one way to know, and that's with a reader.

Everybody in the room agreed. And to TSA's and Homeland Security's credit, it was late in the game, but did realize, you know, we've got to have a reader. And that's why this recent evaluation, the one that we did, we got all 14 evaluations, went through all of them.

Here's the other reason: if I was a port, while I would buy Intellicheck Mobilisa's TWIC read, not only did we have the best software and we run on multiple platforms-- and this is critical--we also do driver's licenses

So, let's say somebody does catch up and does all 14 and we go head-to-head. We have a TWIC reader. They have a TWIC reader. But, we're TWIC plus because we can also read a driver's license.

There will always be a person driving a truck or something and pull up to the port, and then what are they going to do? They can either turn them way, which is going to cost them millions of dollars of lost opportunity and business, or they could use our product and they could read a driver's license, the exact same one that's protecting Andrews Air Force Base home to Air Force One, or West Point up in New York, that exact same technique.

They can read that driver's license and say, "Wait a minute, you're a wanted felon. We're not letting you"--or, "Oh, we did an instant background check. You're good."

So, I'm very excited that Homeland Security is implementing this program. And that's probably the one for next year to see, is because the government's requirement's that that's supposed to happen in 2009.

**Mr. Bart Blout:** What kind of numbers would that be, in your estimation?

**Dr. Nelson Ludlow:** Well, it's very hard to predict. And what I always find is when people say these wild hockey stick curves of nothing, nothing, then all of a sudden some huge contract is going to instantly occur. Every company that I have seen makes those claims usually fails.

We're going to just keep growing quarter-by-quarter, that's our goal. And as you've seen, we've done that consecutively so far this year. And that's absolutely our plan for fourth quarter. How I think it will roll out is I think it will be little by little, and then it will catch on, and then it will be more. And that's how it will really roll out.

I don't see Homeland Security, at this point, issuing some \$300 million one-time big contract. That's actually to our advantage, Bart, because, if they do that, then the big guys like SAIC that Richard mentioned, and some of the others, will actually have an advantage. If they keep going port by port by port, just like we did by military base by military base, we're the best; I mean, ideally suited company to do that.

So, I suspect that's how they'll roll out, and they're testing this at several ports now, this pilot program, and we're going to keep pursuing it that way.

**Mr. Bart Blout:** Yeah, better not to attract attention.

What is the second category that is a growth, in your estimation?

**Dr Nelson Ludlow:** Well, you'll see the commercial identity group has been growing.

The reason I'm leaving the wireless one out probably is they're doing outstanding. They've got a lot of backlog of contracts, but we're still in the R&D phase. It's going to take a little while before that one actually shifts into the real commercial products ready to go, bringing in money stage.

So, the commercial ID one, that's doing well. I think you saw that we mentioned Payless Shoes, 4,600 stores. What we need to do is take that and replicate what we've done at Target, Toys "R" Us, Payless Shoes and L.L. Bean and replicate that to other retailers around the country. That's essentially taking our software and implementing it

in their point-of-sale system. And that's something we do very well, and I think that's another potential area.

**Mr. Bart Blout:** Is that primarily for credit cards or loyalty cards?

**Dr. Nelson Ludlow:** For both, actually. And what they do is they take either their point-of-sale system, same if you go into a Target, the same system that scans the point-of-sale, that scans the boxes; you can scan a driver's license. You use the signature capture pad. You answer three or four questions, and you get a credit card.

The other option we do is we provide a kiosk in the store. And here's what's really interesting about this. We have found that people are 12 times more likely to complete a credit card application if they can do it on a kiosk or at the point-of-sale than they would if you did it the traditional way. Here's a piece of paper, please fill out your information and put your social security number on it, and then someday somebody will mail that in and apply for a credit card.

So, our way is really the way of the future, and we're finding that retail guys really like it.

**Mr. Bart Blout:** Even with the credit card overhaul that's about ready to take place?

**Dr. Nelson Ludlow:** Yeah. I think so. I mean, there's been a lot of speculation. People have asked questions.

Given the election, is that good or bad for us? You know, I see a lot of good things for us. The government spending is not going away. Security clearly is not going away. And credit cards, we have not had a drop or a negative effect on that yet hit us. In fact, as you can see, we're growing.

**Mr. Bart Blout:** Yeah.

One last comment and this is very minor, but it is irritating. For whatever reason, when IDN trades, like this morning, it traded 500 shares at \$2.50, 500 at \$2.44, then 100 at \$2.26, and then 900 at \$2.44.

I mean, I don't think there's any excuse for that type of a deal. And what it causes people to do is they don't feel like they're getting a fair shake all the time. And it is the constant complaint of a number of people that have been in the stock a long time.

You don't have to respond. I just wanted you to know. I mean, it just goes on and on every day. There's something not right there. And after most of us been in the business 30, 40 years, we look at a screen all day long, and we know what's phony or what's suspicious. I'll just put it that way.

Thank you.

**Dr. Nelson Ludlow:** Thank you.

**Operator:** Our next question comes from the line of Gus Allen with GA Financial.

Please proceed with your question.

**Mr. Gus Allen:** Thanks again, Nelson, for the job that you all have done. The progress of this company in the last nine months has been nothing short of fabulous. Several of my questions have been answered.

One of the questions that I've wondered a lot about, and that is this military base supposedly to be compliant with security systems by January 1, 2009. And just based on the count that you all have in the way of military bases, something around the 60 level,

aren't there another 350 or so military bases, and is there any chance that many of those are going to be compliant early in January?

**Dr. Nelson Ludlow:** Hi, Gus. Yeah, thank you. Very good to speak with you again.

First, thank you on the comment on the progress, and yeah, it really is. The management team, the supportive Board of Directors and the employees, everybody is firing on all eight cylinders and really working hard.

We're very aware of what's going on. We have a lot more processes in place. People are engaged, and I think that's really the whole team here that's doing that.

And as far as the military, Gus brings up something that's interesting. In the Defense Authorization Act of 2008, that signed into law last year, is that military bases need to have a system exactly like the system that we provide, Defense ID. And it meets, by law, are supposed to come up with a plan and implement it. And Gus, you're absolutely right. The date is January 2009.

We have recently hired a new head of business development for the government; he left one of our competitors and asked to join us. And very well-qualified, Rick Sykes, and he's on that.

Steve Williams and I, we had numerous meetings in Washington, DC. I think the way that I would characterize it is to say typical Washington, DC type of thing. I mean, it's taking longer than we'd like, and the government is trying.

And I think in reality, some of it had to do with the election. No matter which party was going to get in, there was going to be a change of the senior administration of all of the departments, including the Department of Defense.

Now that new people are coming in, I think we're going to see some action. Probably not in reality, you know, be at all bases, by January, but I do think they're going to miss their deadline, but I've seen increased action and emphasis from them recently. And I think now that the election is over, with new people coming in, they'll move now.

So, I view it all of the good things. It's going to take some time.

**Mr. Gus Allen:** Another question along that. If the Mobilisa side of the company has had success with 60 or so of these military bases, have competitors had any success and if so, why? And how much?

**Dr. Nelson Ludlow:** Okay.

There is a competitor that's at about 14 bases, or roughly. I might be wrong in that number, but it's about that level. And what they do is a completely different business model. They offer it for free, and then what they do is they charge a person to go get a background check and to issue card. And they charge--I don't know, \$150 approximately for their card.

So, it's interesting that we sell our system, and we've got it in 60 bases. They give their system away for free, and yet they've only made it into 14.

I think that we have the superior method in--for a whole host of reasons, but let me just share one. If you're a terrorist, you're probably not going to pay \$150 to do a background check on yourself.

Recently, Ft. Drum in upstate New York just added our system. The 10<sup>th</sup> Mountain Division is the group that's there. And they just issued a press release to their base. They are going to do 100 percent ID checks, 100 percent scanning of IDs. Well, you can only do that with a product like ours.

The other system is voluntary. They ask people voluntarily pay to do a background check. That obviously hasn't really taken off. And of those 14 bases or so that they're at and the 60-plus that we're at, there's actually some overlap. And so, there's about, I don't know, four or five bases that have both our systems, and we've found that the security teams at all those bases prefer our system.

**Mr. Gus Allen:** Hmm.

Thank you, and keep it going. It's really great to be a shareholder today.

**Dr. Nelson Ludlow:** Hey, thank you, Mr. Allen. Appreciate it.

**Operator:** Ladies and gentlemen, as a reminder, it is star-one to ask a question.

Our next question comes from the line of Marvin Lebowitz, who's a private investor.

Please proceed with your question.

**Mr. Marvin Lebowitz:** Yeah, Nelson. Congratulations again on a fabulous quarter.

But basically, you know, I guess it might have been asked, but I was just curious. Is there anything that we're doing, because I think our biggest hindrance is fighting the shorts? Is there anything that you can comment?

**Dr. Nelson Ludlow:** Well, thank you, Marvin.

Yeah, we've been watching the shorts. They've been dropping somewhat, and then kind of level off.

There's two ways, there's probably two different criteria on the shorts that I would comment on. One is the number of people, the number of position of people

shorting it, which is not really a huge number. It's roughly 2 percent of our stock, which is comparatively to other companies, we're actually quite low.

The other issue is what do shorts do. And particularly with a company of, let's say, low volume, shorts can cause issues. And perhaps some of the previous caller talked about where here people are buying up in large volumes, or larger volumes, and then one guy buys 100 shares down, and it looks like it moved it, in reality, with just 100 shares.

I think the solution is keep going in the direction we are. Keep putting up better numbers. Meeting with analysts. Get an IR firm. Keep doing a good job and get the volume up. And as the volume comes up, it'll fix many of these problems where shorts can take advantage of it.

I certainly wouldn't be a short on this stock right now. I'm very bullish on where we're going. And I would think it would be--every time, I think if you look at the growth that we've had just since the last three and half weeks when we announced at our shareholders call that, one, we were going to be profitable, I think it almost raised 50 percent in price roughly. And then, we announced that John Paxton was going to be chairman, it went up another 50 percent approximately at that time.

Those are tough things to be a short. And more opportunities like that, we can beat up the shorts, the better.

**Mr. Marvin Lebowitz:** Thanks.

**Operator:** There are no further questions in the queue at this time. I'd like to hand it back over to management for closing comments

**Dr. Nelson Ludlow:** Well, thank you very much, and I wanted to have this opportunity to answer any and as many questions as everyone had.

This is the fifth opportunity that we've been able to share information this year since the merger. And you'll see that, on our website, we post this. If there are others that you think are interested in this, please point them to the recorded call. Point them to our website.

We are going to have an increased energy and effort to talk to investors, the investors that have registered on our system. You'll see that we send out what I call an e-mail blast or update to the company. We're putting out more press releases.

So, I want to get the message out. I appreciate all of you that took the time to be with us this morning. And please let your colleagues and other people know about our company as well.

And thank you very much.

**Operator:** Ladies and gentlemen, this does conclude today's teleconference.

Thank you for your participation.

You may disconnect your lines at this time.