

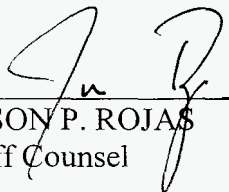
BEFORE THE PUBLIC SERVICE COMMISSION

In re: Compliance investigation of 9278
Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes. DOCKET NO. 030696-TI
FILED: FEBRUARY 28, 2005

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Dale R. Buys with Exhibits DRB-1 through DRB-11 has been served by U.S. Mail this 28th day of February, 2005 to the following:

Messer Law Firm Albert T. Gimbel P.O. Box 1876 Tallahassee, FL 32302	9278 Communications, Inc. Sajid Kapadia/Craig Libson 1942 Williamsbridge Road Bronx, NY 10461
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JASON P. ROJAS
Staff Counsel

FLORIDA PUBLIC SERVICE COMMISSION
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DOCUMENT NUMBER: 030696-TI

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DOCKET NO. 030696-TI

**DOCKET TITLE: Compliance Investigation of 9278
Communications, Inc. for apparent violation of Sections
364.02 and 364.04, Florida Statutes.**

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

**DESCRIPTION: Direct Testimony
Exhibits DRB-1 through DRB-11**

DIRECT TESTIMONY OF DALE R. BUYS

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Q. Please state your name and business address.

A. My name is Dale R. Buys and my business address is 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (Commission) as a Regulatory Analyst in the Division of Competitive Markets and Enforcement.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since August 14, 2000.

Q. Please describe you current job responsibilities.

A. Currently, my job responsibilities include investigating apparent rule violations by telecommunications companies, monitoring compliant trends of telecommunications companies, resolving consumer complaints involving telecommunications service and providing consumer assistance.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to testify to the sequence of events that are the basis of my recommendation for the Commission to impose a penalty on 9278 Communications, Inc. (9278 Communications) for its apparent violation of Sections 364.02 and 364.04, Florida Statutes, by not filing a tariff and registering as an interexchange company (IXC). I will also testify that 9278 Communications is listed as the network service provider on prepaid phone cards distributed for use by Florida consumers and that 9278 Communications provided intrastate prepaid calling card services through the use of these prepaid phone cards.

Q. How are you involved in this case?

A. I was assigned to the consumer complaints the Commission received regarding the

1 prepaid phone cards provided by 9278 Communications. I was tasked with
2 determining the network service provider for the prepaid phone cards and ensuring that
3 the service provider was properly registered.

4 Q. Describe the events that lead you to believe 9278 Communications is providing
5 interexchange prepaid calling service in Florida.

6 A. On April 10, 2003, the Commission received a consumer complaint (Request No.
7 527036T) regarding a prepaid phone card labeled *Welcome Florida Phone Card*. The
8 back of the phone card lists NTSE Communications as the service provider. The only
9 information I was able to locate regarding NTSE Communications was included in the
10 10-K report filed with the Federal Securities and Exchange Commission (SEC) for
11 9278 Communications, Inc. for the fiscal year ended December 31, 2002. In Exhibit
12 21.1 attached to 9278 Communications' 10K report, NTSE Communications, Inc. is
13 listed as a subsidiary of 9278 Communications, and was incorporated in the State of
14 Delaware on October 9, 2002. Based on that information, it appeared that 9278
15 Communications may be the responsible entity for the *Welcome Florida Phone Card*.
16 A copy of 9278 Communications' 10-K report is attached to my testimony as **Exhibit**
17 **DRB-1**.

18 Q. Did you attempt to contact 9278 Communications regarding the consumer complaint?

19 A. Yes. On April 21, 2003, I sent 9278 Communications a letter via United States Postal
20 Service requesting that the company investigate the consumer complaint and inquiring
21 as to whether the company is the network service provider for the phone card. A copy
22 of my letter dated April 21, 2003, is attached to my testimony as **Exhibit DRB-2**.

23 Q. Did the Commission receive any more consumer complaints regarding prepaid phone
24 cards provided by 9278 Communications?

25 A. Yes. On May 14, 2003, the Commission received a consumer complaint (Request No.

1 533102T) regarding a prepaid phone card labeled *Arroz Con Pollo Florida Phone*
2 *Card*. The phone card lists 9278 Communications as the network service provider.

3 Q. Was 9278 Communications notified that the Commission received that complaint?

4 A. Yes. On May 22, 2003, staff mailed 9278 Communications a second letter requesting
5 that the company investigate consumer complaint Request No. 533102T, and again,
6 notifying the company that it should submit an application for an interexchange
7 company certificate. A copy of the letter dated May 23, 2003, is attached to my
8 testimony as **Exhibit DRB-3**. At that time, Commission rules required that IXCs
9 providing intrastate telecommunications services within the state obtain a certificate.

10 Q. Was that the extent of the complaints the Commission received pertaining to prepaid
11 phone cards listing 9278 Communications as the service provider?

12 A. No. On June 3, 2003, and again on June 25, 2003, the Commission received more
13 complaints (Request Nos. 536666T and 540752T) regarding the *Arroz Con Pollo*
14 *Florida Phone Card*. Both of the phone cards in consumer complaints Request Nos.
15 536666T and 540752T list 9278 Communications as the network service provider. On
16 September 4, 2003, the Commission received yet another consumer complaint
17 (Request No. 554677T) regarding two prepaid phone cards provided by 9278
18 Communications. One was labeled *Arroz Con Pollo Florida Phone Card*, and the
19 other was labeled *X Phone Card Miami*. The phone card labeled *X Phone Card Miami*
20 contained the statement, "Services provided by 9278 Communications," and a logo
21 spelling out "9278.COM" was printed on the phone card. The *Arroz Con Pollo*
22 *Florida Phone Card* cited in consumer complaint Request No. 554677T did not
23 disclose the name of the network service provider.

24 Q. If the *Arroz Con Pollo Florida Phone Card* cited in consumer complaint Request No.
25 554677T did not list a network service provider, who was responsible for the prepaid

1 calling services provided through the phone card?

2 A. It appears to be 9278 Communications. The logo representing 9278.com was denoted
3 on the card in addition to the statement, "BUY ONLINE WWW.9278.COM." The
4 company's website, www.9278.com, states on one of its FAQ WebPages that,
5 "9278.com is a wholly owned subsidiary of 9278 Communications, Inc., and that
6 9278.com buys exclusively from 9278 Communications, Inc." In addition 9278.com
7 WebPages advertise various phone card products that state the services are provided by
8 9278 Communications. Copies of the WebPages from 9278.com's website are
9 attached to my testimony as **Exhibit DRB-4**.

10 Q. Did 9278 Communications respond to your inquiries prior to staff opening a docket?

11 A. No. Mr. Craig Libson, General Counsel for 9278 Communications, contacted me after
12 I filed my recommendation on August 7, 2003. This was the first time 9278
13 Communications communicated with staff.

14 Q. Did 9278 Communications address the issue as to whether the company is providing
15 intrastate prepaid calling card service in Florida and should register as an IXC?

16 A. Yes. 9278 Communications requested deferral of staff's recommendation from the
17 August 19, 2003, Agenda Conference. In its deferral request, the company indicated
18 that 9278 Communications and its affiliates have outside telecommunications counsel
19 which has submitted the necessary filings, on a nationwide basis, for compliance with
20 state and federal requirements and the company would obtain a report of those filings.
21 The company further indicated it would prepare a complete and accurate report and
22 response to the Commission and intended to cooperate with the Commission to ensure
23 that all items set forth in staff's recommendation were adequately addressed to the
24 Commission's satisfaction. A copy of 9278 Communications' letter dated August 14,
25 2003, is attached to my testimony as **Exhibit DRB-5**. However, on September 24,

1 2003, Mr. Libson, submitted an email indicating that, upon further review of the case,
2 the company does not believe that it is providing telecommunications services in
3 Florida and is not required to register as an IXC. In its email, the company indicated
4 that the phone cards 9278 Communications sells in Florida utilize telecommunications
5 services provided by five separate carriers, one such carrier is IBGH Communications,
6 LLC (IBGH). Mr. Libson stated that IBGH is in the process of filing its registration
7 materials and tariff. The company further indicated in its email that on six phone cards
8 distributed in Florida, 9278 Communications was erroneously listed as the service
9 provider rather than identifying the carrier, and that 9278 Communications had
10 undertaken steps to correct the error and to ensure that accurate disclosure of the
11 carrier is made on all future phone cards distributed by 9278 Communications. The
12 email also indicated that through its subsidiary corporation in Florida, 9278
13 Distributors Florida, Inc., it distributes all phone cards bearing the 9278
14 Communications logo (including 9278.com). A copy of 9278 Communications' email
15 dated September 24, 2003, is attached to my testimony as **Exhibit DRB-6**.

16 Q. Did 9278 Communications make the necessary changes to its phone cards to disclose
17 the carrier on phone cards sold in the future?

18 A. No. It does not appear that 9278 Communications changed the name of the carrier
19 listed on all the phone cards using the Arroz Con Pollo Phone Card brand name sold in
20 Florida. One exception was the phone card labeled *Arroz Con Pollo Phone Card*
21 *Miami Florida* included in a consumer complaint (Request No. 601052T) the
22 Commission received on June 2, 2004. On that phone card, IBGH was listed as the
23 network services provider. Nevertheless, on June 11, 2004, the Commission received
24 a consumer complaint (Request No. 602714T) regarding two phone cards, one was
25 labeled *Arroz Con Pollo Florida Orlando Tampa Phone Card* and the other was

1 labeled *Arroz Con Pollo Florida Phone Card*. Both phone cards denote, "Service
2 provided by 9278 Communications." In addition, the Commission received two
3 additional complaints regarding the *Arroz Con Pollo Phone Card* in which neither
4 phone card listed any network service provider. One was received on January 5, 2004
5 (Request No. 576469T), and the other was received on March 18, 2004 (Request No.
6 589021T). Similar to the *Arroz Con Pollo Phone Card* in consumer complaint
7 Request No. 554677T, the phone cards in these two complaints failed to disclose the
8 network service provider, and instead, the logo representing 9278.com was printed on
9 the card.

10 Q. Did you attempt to investigate and clarify the relationship between IBGH and 9278
11 Communications?

12 A. Yes. On September 29, 2003, I sent a letter to 9278 Communications, addressed to
13 Mr. Craig Libson, requesting documentation and an explanation of the relationship
14 between 9278 Communications and IBGH. I have attached a copy of my letter dated
15 September 29, 2003, as **Exhibit DRB-7**.

16 Q. Did 9278 Communications provide the requested information?

17 A. No. In his email dated October 3, 2003, Mr. Libson indicated that he may be able to
18 provide the requested information by the next Friday (October 10, 2003). However,
19 the requested information was never provided. I have attached a copy of the email
20 dated October 3, 2003, to my testimony as **Exhibit DRB-8**.

21 Q. What is your understanding of the relationship between IBGH and 9278
22 Communications?

23 A. The two entities appear to be owned and managed by the same principals. According
24 to the information provided in Mr. Libson's email dated September 24, 2003, IBGH is
25 owned in part by the stockholder of 9278 Communications. Mr. Libson's email

1 indicated that, "due to the overlap in ownership, management of 9278
2 Communications takes an active role in consulting with IBGH management as to
3 strategic decisions at IBGH and 9278 Communications provides personnel support
4 from time to time. The email further indicated that in order to help establish IBGH's
5 facilities, 9278 Communications provided certain loans to IBGH in exchange for
6 preferential use of IBGH's telecommunications platform. Further, 9278
7 Communications' 10-K for the fiscal year ended December 31, 2002, reported that
8 9278 Communications established a strategic relationship with IBGH which will
9 provide flexible utilization of IBGH's telecommunications facilities to provide carrier
10 services to [phone] cards developed and marketed by 9278 Communications. 9278
11 Communications has the right of first refusal on IBGH's capacity. To facilitate the
12 arrangement, 9278 Communications made significant prepayments to IBGH to fund
13 the establishment of the network to its specifications. The prepayments were to be
14 offset against future PIN (Personal Identification Number) purchases by 9278
15 Communications. It was also reported on page F-20 in 9278 Communication's
16 financial statements attached to its 10K report, that at the time of the filing, 9278
17 Communications is IBGH's sole source of funds and sole customer, and the operations
18 may be required to be consolidated with those of 9278 Communications in terms of
19 FASB (Financial Accounting Standards Board) Interpretation No. 46.

20 Q. In your opinion, what is the implication of the relationship between 9278
21 Communications and IBGH?

22 A. It appears that IBGH is owned and operated by 9278 Communications, and thus,
23 controls the rates and operation of the prepaid phone cards that utilize the carrier
24 services provided through IBGH.

25 Q. Is IBGH registered as an IXC in Florida?

1 A. Yes. IBGH registered as an IXC on November 3, 2003, under the name IBGH
2 Communications, LLC. However, when staff attempted to mail IBGH correspondence
3 concerning a consumer complaint, the package was returned to the Commission
4 stamped "Return to Sender, Attempted Not Known." According to the notes in the file
5 for Request No. 601052T, Ruth McHargue, a Commission staff member, telephoned
6 IBGH on June 23, 2004, and was informed that IBGH was no longer in business and
7 she should contact Mr. Craig Libson at 914-761-0007. She then called the telephone
8 number and connected to a recording that stated the number has been disconnected.
9 Mr. Libson was the attorney at 9278 Communications with whom Commission staff
10 was attempting to negotiate a possible settlement for this case.

11 Q. Did 9278 Communications resolve any of the consumer complaints received by the
12 Commission?

13 A. Yes. For the complaints 9278 Communications resolved, the company issued each of
14 the customers a replacement phone card.

15 Q. Were there any complaints to which 9278 Communications did not respond and
16 provide a resolution?

17 A. Yes. After 9278 Communications filed its response on February 3, 2004, protesting
18 the Commission's action in PAA Order No. PSC-04-0022-PAA-TI, the company
19 failed to provide staff with replies to four consumer complaints: Request Nos.
20 576469T, 589021T, 601052T, and 602714T.

21 Q. How many consumer complaints did the Commission receive regarding prepaid phone
22 cards provided by 9278 Communications or 9278.com?

23 A. From April 10, 2003, through June 11, 2004, the Commission received nine (9)
24 consumer complaints regarding prepaid phone cards for which it appeared that 9278
25 Communications was the network service provider. Copies of the complaints,

1 including a chart listing the complaints and the associated phone cards, are attached to
2 my testimony as **Exhibit DRB-9**.

3 Q. What is the date of the first correspondence from staff to 9278 Communications in
4 which staff notified the company that it should submit an application for a certificate
5 or register as an IXC?

6 A. On April 21, 2003, staff mailed a letter to 9278 Communications questioning the
7 company as to whether it is providing intrastate telecommunications services in
8 Florida, and hence, required a certificate. Fourteen months later, the Commission was
9 still receiving consumer complaints regarding prepaid phone cards in which 9278
10 Communications was listed as the network service provider.

11 Q. Could the phone cards provided by 9278 Communications that are the subject of the
12 consumer complaints cited in your testimony be used to place intrastate telephone calls
13 in Florida?

14 A. Yes. Once the customer dials the access number for the prepaid calling service and
15 enters the PIN, the customer could place a call to any telephone number in Florida.

16 Q. Did 9278 Communications, Inc. provide intrastate prepaid calling card services in
17 Florida?

18 A. Yes. It appears that 9278 Communications, Inc. provided intrastate prepaid calling
19 card services in Florida through its prepaid phone cards. By listing 9278
20 Communications as the service provider on the prepaid phone cards labeled as *Arroz*
21 *Con Pollo Florida* and *X Phone Card Miami*, 9278 Communications held itself out to
22 the Florida public as an interexchange service provider. The customers' only contact
23 for complaints related to the company's products was 9278 Communications, and
24 consequently, the company responded to and resolved five of the nine consumer
25 complaints received by the Commission. Further, on September 24, 2003, 9278

1 Communications indicated it would take the necessary steps to correct the printing on
2 the phone cards and list the proper network service provider on the phone cards it
3 markets and sells in Florida. However, on June 11, 2004, the Commission received a
4 consumer complaint regarding a prepaid phone card in which 9278 Communications
5 was still listed as the network service provider. Further, 9278 Communications'
6 website lists several phone card products listing 9278 Communications as the service
7 provider.

8 Q. Does it appear that 9278 Communications, Inc violated Sections 364.02 and 364.04,
9 Florida Statutes, by not filing a tariff and registering as an interexchange company in
10 Florida?

11 A. Yes. Section 364.02(13), Florida Statutes, requires that each intrastate interexchange
12 telecommunications company shall provide the Commission with such current
13 information as the Commission deems necessary to contact and communicate with the
14 company. The Commission has established a registration process to facilitate the
15 provision of the contact information. Included in that process is the requirement to
16 submit to the Commission a completed IXC Registration Form. The company has not
17 submitted a completed IXC Registration Form. Section 364.04, Florida Statutes,
18 requires that every telecommunications company shall file with the Commission
19 schedules showing the rates, tolls, rentals, contracts, and charges of that company for
20 service to be performed within the state. To comply with this statute, the company
21 should file a tariff. The company has not submitted a tariff to the Commission.
22 Hence, by not submitting a completed IXC Registration Form and not filing a tariff,
23 9278 Communications appears to have violated Sections 364.02 and 364.04, Florida
24 Statutes. I have attached a copy of Sections 364.02 and 364.04, Florida Statutes, as
25 **Exhibit DRB-10.**

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Q. Should the Commission require 9278 Communications, Inc. to file a tariff and register as an interexchange company?

A. **Yes.** If the Commission determines that 9278 Communications, Inc. is providing intrastate interexchange services within Florida, it should require the company to file a tariff and register as an interexchange company.

Q. Should the Commission impose a penalty upon 9278 Communications, Inc. if the Commission finds that the company violated Sections 364.02 and 364.04, Florida Statutes?

A. **Yes.** The Commission should impose a substantial monetary penalty upon 9278 Communications, Inc. if it finds that the company violated Sections 364.02 and 364.04, Florida Statutes. Section 364.285, Florida Statutes, authorizes the Commission to impose upon any entity subject to its jurisdiction which is found to have refused to comply with any provision of Chapter 364, Florida Statutes, a penalty for each offense of not more than \$25,000 per day. I have attached a copy of Section 364.285, Florida Statutes, as **Exhibit DRB-11**.

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-1

DESCRIPTION: 9278 Communications, Inc. 10-K report filed with the Federal Securities and Exchange Commission for the fiscal year ended December 31, 2002.

CBS.MARKETWATCH.COM The Story Behind the Numbers Member Sign In - Free Sign Up for personalized features Nasdaq: MKTW



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SEC Filings:

9278 Communications Inc (OTHER OTC)

NTSE 0.10 UNCH 0.00% Vol: 3,600

SEC Filings for 9278 Communications Inc

10-K for 9278 COMMUNICATIONS INC

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 333-37654

9278 COMMUNICATIONS, INC.

(Name of business registrant in its charter)

DELAWARE

13-4165136

(State or jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

1942 WILLIAMSBRIDGE ROAD, BRONX, NEW YORK 10461

(Address of principal executive offices)

Registrant's telephone number, including area code: (718) 887-9278

Securities registered pursuant to Section 12(b) of the Act:

Title of each Name of each exchange on which registered

None

Not applicable

Securities registered pursuant to Section 12(c) of the Act:

None

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. (X) Yes () No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item

405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

The aggregate market value of the common stock held by non-affiliated stockholders of the registrant, as of March 28, 2003, was \$1,009,053.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

The number of shares outstanding of the registrant's common stock, as of March 28, 2002, was 23,932,912.

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I

ITEM 1. BUSINESS.

General

We are a value-added distributor of telecommunications services and technologies, specializing in the distribution of prepaid phone cards. We offer over 700 different prepaid card products, including 300 private label cards, through a network of over 1,000 primary distributors. Our headquarters is in New York City and historically a majority of our sales were generated in the New York metropolitan area. In recent years, we have established a nationwide network of 18 distribution centers, including centers in California, Virginia, Connecticut, Illinois, Michigan, North Carolina, Florida, Maryland, New Jersey and Ohio. Through this network we estimate that our products are sold through over 150,000 retail outlets. Several of our private label products are marketed under national or international brand names, such as Absolute(TM) or Extra(TM), and in some cases also under localized product variations and names tailored to meet the needs or preferences of localized markets. We are continuously seeking to introduce new proprietary or third-party telecommunications related products into our growing distribution channels, including prepaid wireless products and prepaid direct dial long distance services, and to expand upon our existing business relationships with the United States telecommunications companies and large national prepaid card providers we work with. We now offer direct pre-paid phone card sales through our Internet Websites 9278.com(TM), Callnation.com(TM) and Let's Dial.com(TM). Through our website, consumers can purchase 9278 phone cards over the Internet from a selection of hundreds of cards, searchable by various criteria, e.g., rates, brand name, country, etc., and receive immediate delivery of the card's access number and PIN codes via e-mail.

Recent Developments - Proposed Going Private Transaction

On January 31, 2003, we announced the execution of a Merger Agreement with NTSE Holding Corp., a corporation wholly owned by Sajid Kapadia, our Chairman, Chief Executive Officer and principal stockholder, which will result in 9278 Communications becoming a privately held corporation, owned by Kapadia. Pursuant to this agreement, all of the outstanding shares of 9278 Communications will be cancelled and our existing stockholders will receive a cash payment of \$1.10 per share. The transaction is subject to numerous conditions, including the approval by the our public stockholders. It is expected that a stockholders meeting to approve the transaction will be held in May, and that the closing of the transaction, if approved, will occur immediately thereafter.

Industry Overview

Prepaid phone cards were introduced into the North American marketplace by small long distance consolidators and resellers, which purchase a high volume of long distance minutes from major carriers at rates significantly lower than those that could be obtained by individuals and small businesses and which then resell those minutes to their established customer base. Originally introduced

to meet very specific telephony applications, prepaid telecommunications services have evolved into a widely accepted solution by both businesses

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and consumers. More recently, major long distance carriers such as ATT, WorldCom and Sprint have committed considerable resources to the prepaid phone card market.

Prepaid phone cards are a reliable, convenient and cost-effective alternative to coin-operated calling, collect calling, operator assisted calls and standard credit calling cards. Unlike credit calling cards, which provide virtually unlimited credit and impose surcharges on long distance services, prepaid phone cards are paid for in advance and provide finite amounts of calling time. Shaped like a credit card, the prepaid phone card easily fits into a standard wallet. Generally, the front face denotes the denomination of the card, and the back of the cards contains a scratch-off surface covering the card number and personal identification number (a "PIN").

Most domestic prepaid cards utilize remote memory technology, which permits users to place local, long distance and international calls from any touch-tone phone by dialing a toll-free or local access number to connect to a prepaid phone card switching platform. After being prompted to enter a PIN, the caller is advised of the value remaining on the card and is prompted to enter the telephone number to be called. The call is then routed to its destination. The per-minute charges for the call are automatically deducted from the prepaid account corresponding to the PIN as the call progresses.

Prepaid phone cards are distributed through a vast network of retail outlets, including convenience stores, newsstands, grocery stores and discount stores. While prepaid phone card products are also sold through vending machines and, more recently, over Internet websites, the vast majority of phone card sales are still made through retail outlets.

The retail outlets are serviced by independent distributors, which often distribute newspapers or other items to the retail outlets. Typically, a wholesale distributor, like us, purchases large quantities of prepaid phone cards from a long distance carrier or reseller, or purchases PIN codes from the carrier to be printed by the distributor on private label cards, and sells the cards in smaller quantities, together with cards from other carriers, to the independent distributor for ultimate distribution to the retail outlet. The discount from face value at which cards are bought and sold by the participants in the distribution chain varies depending upon the carrier and the features of the card, such as local versus toll free dial-up access, or the rates and geographic regions for which the card can be used.

Products and Services

We are primarily a wholesale distributor of prepaid phone cards, distributing over 700 different types of prepaid phone cards issued from a variety of telecommunications carriers, including 300 private label cards. The long distance rates available to users of these cards are significantly less than the rates for domestic and international calls placed by traditional methods. Generally, each type of prepaid phone card is available in \$5 and \$10 denominations, and sometimes in smaller denominations of \$2 or \$3. We print our private label cards with PIN's purchased from the telecommunications carrier pursuant to a program established by the carrier and coordinate the activation of the cards with the carrier. For third party cards, we purchase pre-printed, pre-activated phone cards from the card provider. In either case, we distribute the cards through our network distribution centers through over 1,000 independent primary distributors.

We currently offer over 300 private label cards, serviced by several long distance carriers, including, "Extra(TM)", "Arroz Con Pollo(TM)" and "Bollywood(TM)". Generally, we determine the design and target market of the cards based upon our perception of market demand and seek appropriate

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rates from the carriers. Many private label cards, such as the "Absolute" and "Extra" brand names are marketed in numerous varieties (e.g., "Absolute Europe," "Absolute New York," and "Absolute Chicago") designed to target the needs of certain markets or provide localized features. For example, our "Arroz con Pollo(TM)" card, with attractive rates to the Dominican republic, had become one of the most popular cards for use to place calls to that country, and has become one of the best selling phone cards in Florida. These private label cards are exclusive to us and, unlike the other types of prepaid phone cards which we distribute, we control the discounts for these products, leading to higher

margins. Private label cards constituted over 75% of our sales in 2002 and over 70% of our sales in 2001.

Our retail customers can use the prepaid phone cards we distribute at any touch tone telephone by dialing an access number, followed by a PIN assigned to each card and the telephone number the customer seeks to reach. The carrier's switch completes the call, and its debit card platform reduces the outstanding balance of the card during the call. We believe that many of our customers use prepaid cards as their primary means of making long distance calls due to:

- c Attractive rates;
 - c Reliable service;
 - c Ease of monitoring and budgeting long distance spending; and
- The appealing variety of calling cards offered to different market segments.

One of our focuses has been on distribution in certain ethnic markets in the U.S. that generate high levels of international traffic to specific countries. As a result, we have become one of the premiere phone card distribution channels in the New York City area, which has many such ethnic markets. Recent immigrants and members of ethnic communities are heavy users of international long distance, given their desire to keep in touch with family members and friends back home. In addition, recent immigrants often do not have established credit histories necessary to establish accounts with traditional long distance carriers. An example of one of our products marketed to a specific ethnic group is the Bollywood Phone Card, from which we generated over \$11,000,000 in revenues in 2002. There are approximately 500,000 Indians, Pakistanis, and Bengalis residing in the vicinity of New York City. The Bollywood Phone Card is designed for and has become a household name for peoples from the sub-continent of India, who, by using the card to place long distance calls to that region, receive deep discounts on rates. Other examples are La Ranchera(TM), with attractive rates to Central and South America.

We have over 1,000 independent primary wholesale distributors who purchase from us for resale directly to retail outlets or sub-distributors. These customers serve as a network, purchasing cards from us and further distributing them to an estimated 150,000 retail outlets. In 2002, one of our customers, Sohel Distributor, Inc., accounted for approximately 12% of our revenues. Sohel Distributor Inc. is owned by the brother of our Chief Executive Officer and controlling stockholder.

In February 2003, we introduced a pre-paid mobile phone product through our 9278 Mobile subsidiary. Our pre-paid mobile phones are purchased by consumers who must also purchase monthly service plans which permit the user to utilize the phone for a thirty day period, subject to limitations on

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minute usage. Available minute usage may be increased through the purchase of "extended airtime" cards, and additional monthly service can be obtained from monthly access cards. To date, we have conducted such sales efforts on an introductory basis to allow us to better determine the best distribution processes and to allow us to test consumer acceptance, pricing and customer care issues. Although some of our existing distributor base will be viable outlets for this product, it is likely that new distribution channels will need to be established to maximize the potential sales of this product. Unlike our existing phone card business, the sale of mobile phones requires significant up front, out-of-pocket expenses to acquire the phones and the reliance on third party software vendors and carrier service providers for the continued functionality of the phones.

Strategy

Our goal is to solidify our position as a dominant player in the pre-paid distribution industry by continuously expanding the breadth of our distribution network and by offering the most sought after pre-paid products to the marketplace. Our focus also continues to be on building brand name awareness for "9278" with the consumer base, the distribution networks, and with telecommunications carriers. By shifting our product offerings to include a greater percentage and variety of 9278 private label cards, and by expanding our number of regional branch offices, we have strengthened our position as premiere provider of pre-paid calling cards.

Our goal is to continue our growth in our client base and market share of the prepaid card industry through internal expansion and by strategic expansion into new regional markets. We believe that this presents the opportunity for us to secure a significant share of the North American market and to expand into international markets such as Europe, Asia and the Pacific

Rin.

In 2001 we implemented a retail e-commerce strategy that has expanded the geographic reach of our distribution. As this distribution channel expands, we expect that this distribution channel will also create operational efficiencies and ultimately increase margins. E-commerce sales accounted for approximately 7.8% of our gross sales in 2002.

In 2002, we significantly expanded our direct sales efforts to penetrate markets not directly serviced by our existing branch offices. Our telemarketing team of almost 20 salespersons engages in telemarketing efforts as well as pursuing customer leads, both retail outlets and distributors, attracted by our advertising or public relations efforts or by word of mouth.

To date, the ultimate consumer of mass market prepaid phone cards have been predominantly immigrants needing access to the North American and/or international telecommunications systems and who have a need for competitive pricing for international calls to their native country, as well as other consumers making a significant volume of overseas or long distance calls. To a lesser extent, cards are purchased by travelers and niche market card collectors. Of our numerous private label cards, many are directed to specific geographic regions to gain market share and brand awareness with these consumers. To remain competitive, we will be conducting a targeted marketing program to distributors, retailers and corporations. In addition, we will seek out strategic partners who currently provide distribution and marketing of prepaid cards to different customers or regions as a means of increasing overall market share.

We recently established a strategic relationship with IBGH Communications, a New York based telecommunications carrier which will provide us with flexible utilization of IBGH's

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telecommunications facilities to provide carrier services to cards developed and marketed by us. This relationship, in addition to providing flexibility and attractive rates, will provide us with a right of first refusal on IBGH's capacity which we expect will provide us with additional security against the risks of relying on many third party carriers for switching facilities. To facilitate this arrangement, we have made significant prepayments to IBGH to fund the establishment of the network to our specifications. Such prepayments are to be offset against future PIN purchases by us, and IBGH has agreed to repay the unused advance payment on or before December 31, 2003. Such repayment obligation is evidenced by a secured promissory note executed by IBGH.

Competition

The telecommunications services industry generally, and the prepaid phone card industry specifically, is intensely competitive, rapidly evolving and subject to constant technological change. There are several large and numerous small competitors in the industry, and we expect to face continuing competition based on price and service offerings from existing competitors and new market entrants. In addition, the increasing prevalence of the Internet and emerging technologies seeking to establish Internet telephony pose potential competitive threats to the market for long distance telephone services. The principal competitive factors in the market include:

- o Price;
- c Quality of service;
- c Breadth of geographic presence
- c Customer service;
- c Reliability;
- c Network capacity; and
- c Availability of enhanced communications services.

Our competitors include:

- c Other distributors of prepaid products, such as Union Telecard Alliance and Blackstone Calling Card;
- c Telecommunications companies that produce their own prepaid products, such as IDT and Qwest; and
- c Other telecommunications companies, such as ATT, and

Acadico

Some of our competitors have substantially greater financial, technical and marketing resources, larger customer bases, longer operating histories, greater name recognition and more established relationships in the industry than we have. As a result, certain of these competitors may be able to adopt more aggressive pricing policies, which could hinder our growth.

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Government Regulation

The provision of telecommunications services is regulated by the federal and state governments of the United States. Federal laws and regulations promulgated by the Federal Communications Commission apply to interstate and international telecommunications, while state regulatory authorities have jurisdiction over telecommunications services that originate and terminate within the same state. Various other international authorities also may seek to regulate telecommunications services originating in their respective countries. However, as of the date of this report, we are not aware of any requirement for government approval to manufacture, distribute and/or market prepaid phone cards.

Employees

As of March 15, 2003, we had 188 full-time employees. Of these, 25 were sales and marketing personnel, 13 were management and finance personnel, 24 were customer service personnel, 10 were information technology personnel, 11 were warehouse and shipping personnel, 12 were general and administrative personnel, and 93 were employed in our branch offices in a variety of roles. None of our personnel are covered by a collective bargaining agreement. We have never experienced an employment-related work stoppage and consider our employee relations to be satisfactory.

ITEM 2. PROPERTIES

Our executive offices are located at 1942 Williamsbridge Road, Bronx, New York, where we lease approximately 3,500 square feet, pursuant to a sublease agreement that expires on November 30, 2008. The aggregate annual base rental for this space is \$63,000. We sublet these premises from an officer and director of ours, on terms substantially the same as those under which the officer leases the space.

We also lease approximately 2,600 square feet, located at 1938 Williamsbridge Road, Bronx, New York, pursuant to a lease that expires in March 2008. This space is used as additional office space and as a warehouse location for the off-site storage of our products. The annual rent for such space is \$102,000.

In addition, we lease approximately 2,700 square feet, located at 1965 Williamsbridge Road, Bronx, New York to house our ecommerce, telemarketing and customer service operations. We lease this space pursuant to a lease agreement that expires on November 30, 2003. The aggregate annual base rental for this space is \$60,000.

We also maintain sales and distribution offices in 13 additional sites, in the states of CT, FL, NC, MI, CA, MD, VA, NJ and OH servicing principally their respective local markets. These branch offices combine office and warehouse facilities and range in size from approximately 750 square feet to approximately 2,500 square feet, at annual rentals ranging from approximately \$10,000 to \$105,000.

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ITEM 3. LEGAL PROCEEDINGS.

We are subject to certain legal proceedings and claims which have arisen in the ordinary course of our business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect on our financial position, results of operations or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

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PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

During the fiscal year ended December 31, 2002, our common stock was quoted on the over-the-counter bulletin board ("OTCBB") of the Nasdaq Stock Market under the symbol "NTSE". The following table sets forth the range of the high and low bid quotations for our common stock for the periods indicated. Such market quotations reflect inter-dealer prices, without mark-up, mark-down or commission and may not necessarily represent actual transactions. Since January 6, 2003, our common stock has been traded in the "pink sheets"

	High	Low
2002	----	---
First quarter	\$0.42	\$0.25
Second quarter	0.36	0.10
Third quarter	0.10	0.04
Fourth quarter	0.08	0.04
2001	----	---
First quarter	\$1.59	\$0.61
Second quarter	0.74	0.40
Third quarter	0.51	0.36
Fourth quarter	0.37	0.20

As of March 28, 2003, there were approximately 370 holders of record of our common stock and the closing bid quotation of our common stock on the pink sheets was \$0.079 per share.

On January 31, 2003, we announced the execution of a Merger Agreement with NTSE Holding Corp., a corporation wholly owned by Sajid Kapadia, our Chairman, Chief Executive Officer and Principal Stockholder, which will result in 9278 Communications becoming a privately held corporation, owned by NTSE Holding Corp. Pursuant to this agreement, all of the outstanding shares of 9278 Communications will be cancelled and existing stockholders will receive a cash payment of \$1.10 per share. The transaction is subject to numerous conditions, including the approval by the stockholders of 9278 Communications. It is expected that a stockholders meeting to approve the transaction will be held in late May, and that the closing of the transaction, if approved, will occur immediately thereafter.

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Dividend Policy

We do not intend to pay future dividends and intend to reinvest any earnings into our business to finance future growth. Accordingly, our Board of Directors does not anticipate declaring any cash dividends in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

	For the Year Ended December			
	2002	2001	2000	1999
	-----	-----	---	---
	in thousands, except share			
Net Sales	\$246,980	\$200,177	\$80,763	\$7
Cost of Sales	233,200	189,212	77,793	7
Operating Expenses	19,141	9,924	5,506	

Earnings (loss) before income taxes	\$ (1,961)	\$ 721	\$ (3,419)	
Earnings (loss) per common share	\$ (0.25)	\$.03	\$ (0.16)	\$.03
Weighted-average shares	23,932,912	24,500,881	20,902,060	19,650,000
				As at December 31,
Current Assets	\$47,828	\$32,879	\$14,562	\$ -
Total assets	53,948	37,968	19,141	
Convertible notes payable	140	176	-	

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto set forth in Item 7 of this Annual Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, which could cause actual results to differ materially from management's expectations. Factors that could cause differences include, but are not limited to, expected market demand for the Company's products, fluctuations in pricing for products distributed by the Company and products offered by competitors, as well as general conditions of the telecommunications marketplace.

OVERVIEW

To date, our principal source of revenue has been the marketing and distribution of prepaid phone cards. We market and distribute branded prepaid phone cards, which are produced by a variety of telecommunications long distance carriers and resellers, as well as private label proprietary prepaid phone cards produced exclusively for us by various long distance carriers and/or resellers.

Prepaid phone cards are distributed through a vast network of retail outlets, including convenience stores, newsstands, grocery stores and discount stores. The retail outlets are serviced by independent distributors, which often distribute newspapers or other items to the retail outlets. We purchase large volumes of branded prepaid phone cards from the long distance carrier or reseller and sell the cards in smaller quantities, together with cards from other carriers and/or private label cards we distribute, to the independent distributor, for ultimate distribution to retailer outlet.

We purchase branded cards at a discount from the face value of the card, and resell them to the distributor at a slightly lower discount. The difference between the two discount rates, typically from 1% to 8%, represents the gross margin we retain. We purchase branded cards on varying terms, from C.O.D. to an as used basis. Sales of our products are generally made on a net 21 basis.

Private label cards are generally designed and produced by us, utilizing card numbers and PINs provided by the telecommunications carrier or reseller providing the long distance service for the card. We incur the upfront expense of printing the phone cards. However, we do not pay the long distance carrier until it activates the cards, which occurs upon our sale to the distributor. Accordingly, through the use of private label cards, our cost of inventory is significantly reduced, as purchases are effectively made on an as-needed basis. In addition, private label cards generally provide us with the ability to achieve a greater gross margin percentage, typically ranging from 5% to 8%. During the past two years, we have continued to increase our sales of private label cards, both on an absolute dollar volume and as a percentage of our sales. During the year ended December 31, 2001, we sold over 120 varieties of private label cards which accounted for in excess of 70% of our total revenues.

We continue to seek to expand our geographic reach and to increase our sales. In recent years, we have established distribution centers in California, Connecticut, Florida, Illinois, Maryland, Michigan, North Carolina, New Jersey, Virginia, Upstate New York, as well as additional distribution centers

in the New York metropolitan area, and we have established strategic relationships with distributors in Canada and United Kingdom. In addition, we sell pre-paid phone card through our Internet Website 9278.com(TM). Through our website, consumers worldwide can purchase 9278 phone cards over the Internet from a selection of over 40 cards, searchable by various criteria, e.g., rates, brand name, country, etc., and receive immediate delivery of the card's access number and PIN codes via e-mail.

We are seeking to develop and acquire rights to additional prepaid telecommunications services and other prepaid products or services to diversify our product offerings and increase our overall gross margin. In the short-term, additional costs related to the development or acquisition of such products may have an impact on our net profits.

RESULTS OF OPERATIONS

The following table sets forth certain financial data as a percentage of net revenues for the periods indicated:

	For the Years ended December 31,	
	2002 ----	2001 ----
Net revenues	100.00%	100.00%
Cost of services	94.66 -----	94.52 -----
Gross margin	5.34 -----	5.48 -----
Selling expenses	3.07	1.11
General and administrative expenses	4.20	3.15
Depreciation and amortization	0.16	0.26
Provision for bad debts	0.32	0.44
Interest expense, net	0.01	0.06
Litigation settlement	-	0.10
	7.76 -----	5.12 -----
Earnings (loss) before income taxes	(2.42)% -----	0.36% -----

YEAR ENDED DECEMBER 31, 2002 COMPARED TO YEAR ENDED DECEMBER 31, 2001

NET REVENUES. Net sales increased by approximately \$47 million to \$247 million for the year ended December 31, 2002, up over 23.4% from net sales of \$200.0 million for the year ended December 31, 2001. The increase in net sales was primarily due to our geographic expansion since the third quarter of calendar year 2000 and continuing since then. New locations opened during 2002 contributed \$9.1 million or 19.4% of the total increase in sales during 2002.

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GROSS MARGIN. Gross margin increased to approximately \$13.2 million in 2002, as compared to approximately \$11 million in 2001, principally as a result of increased volume. As a percentage of sales, gross profit for 2002 and 2001 remained virtually flat, decreasing to 5.34% as compared to 5.48% for the year ended December 31, 2001. The no change in gross margin percentage was attributable to the Company's aggressive sales efforts to increase its market share by selling cards at a reduced gross margin during this period. Our gross margin varies from period to period depending upon discounts and promotions employed from time to time to stimulate sales.

SELLING EXPENSES. Selling expenses increased by \$5,347,000 or 240% to \$7,576,000 in 2002 as compared to \$2,229,000 during the year 2001. Of this, \$2,700,000 was increase in advertising costs incurred in connection with the Company promoting its private label cards and sales over the Internet during the year 2002. The commission expense increased by \$2,461,000 as the Company hired additional commissioned salespersons in 2002 to promote its sales. Trade shows expense was increased by \$166,000 as a result of negotiated packages, and cost of printing of trade publications were reduced by \$63,000 as the company utilized its in-house facilities in designing these publications

Selling expenses as a percentage of net revenues increased to 3.07% for the year ended December 31, 2002, from 1.11% for the same period in 2001.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses increased by \$3,964,000 or 58% to \$10,774,000 for 2002 as compared to \$6,810,000 for 2001. This increase was primarily due to the increase in salaries by \$2,149,000 to \$8,412,000 in 2002 as compared to \$3,247,000 in 2001 resulting from additional personnel required for new offices, direct sales efforts and Internet customer service. Included in the general and administrative expenses is the cost of processing credit card sales over the Internet which increased by \$440,000 to \$666,000, for the year 2002 as compared to \$226,000 for the year 2001. In addition the Computer services expense increased by \$370,000 to \$445,000 in 2002 as compared to \$75,000 in 2001. Rent expenses increased by \$252,000 to \$560,000 in 2002 as compared to \$308,000 in 2001 as the company continued to add new locations and expand its existing facilities. Telephone and utilities increased by \$268,000. Other general and administrative expenses increased by \$469,000 due to the company opening additional locations and expenses related to increase in sales volume.

General and administrative expenses as a percentage of net revenues increased to 4.20% for the year ended December 31, 2002, from 3.15%, for the same period in 2001.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization for the year ended December 31, 2002 totaled \$393,000; a decrease of \$119,000 as compared to the same period in 2001. The decrease is due to the fact that we no longer amortize goodwill as a result of the adoption, effective January 1, 2002, of SFAS No. 142 of the Financial Accounting Standards Board. This decrease was offset by an increase in depreciation expense of \$138,000 due to acquisition of fixed assets for our new locations.

PROVISION FOR DOUBTFUL ACCOUNTS. Provision for bad and doubtful debts decreased by \$95,000 to \$790,000 in 2002 as compared to \$885,000 in 2001. This decrease is due the Company's aggressive collection efforts of its accounts receivable.

NET INCOME (LOSS) FROM OPERATIONS. We had a net loss of \$5,970,000 for the year ended December 31, 2002 as compared to a net profit of \$656,000 for the year ended December 31, 2001. The decrease in net income was due to the increase in selling expenses and operating expenses. Our

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geographical expansion by opening up new offices nationwide has led to increase in selling, general and administrative costs. We also adopted an aggressive pricing policy by discounting our cards and giving away promotional cards in these new locations to gain market share. We believe that our loss from operations is temporary and that there should be a turnaround once these new offices are established.

YEAR ENDED DECEMBER 31, 2001 COMPARED TO YEAR ENDED DECEMBER 31, 2000

Net sales increased by approximately \$120 million to \$200.2 million for the year ended December 31, 2001, up over 148% from net sales of \$80.7 million for the year ended December 31, 2000. The increase in net sales was primarily due to our geographic expansion since the third quarter of calendar year 2000 and continuing in the first three quarters of 2001. In the third quarter of 2000 we acquired two businesses (in Yonkers, New York and Silver Springs, Maryland) that accounted for \$27,437,000 of sales for the year ended December 31, 2001. In December 2000, we acquired Reliable Networks, Inc., a competitor of ours located in Queens, New York, which accounted for \$36,342,000 of sales for the year ended December 31, 2001. In January 2001, we opened an office in Connecticut, which accounted for an aggregate of \$8,469,000 in sales for the year ended December 31, 2001. In May 2001, we opened a new office in Los Angeles, California, which accounted for \$14,991,000 in sales for the year ended December 31, 2001. In August 2001, we opened a new location in Brooklyn, New York, which accounted for \$3,655,000 in sales since its inception and in September 2001 we opened a new location in Chicago, Illinois, which accounted for \$5,079,000 in sales since its inception. Starting July 2001, we began actively selling phone cards over the Internet. Internet sales accounted for \$6,649,000 for the year ended December 31, 2001. For the year ended December 31, 2001, same location sales for our Bronx office increased by approximately \$21,939,000 or 2% to \$98,667,000 in 2001 from \$76,728,000 in the prior year.

Gross profit increased to approximately \$11 million in 2001, as compared to approximately \$3 million in 2000, principally as a result of increased volume and as a result of higher gross margins. As a percentage of sales, gross profit for 2001 increased to 5.48%, as compared to 3.66% for the year ended December 31, 2000. This increase in gross profit was attributable to the addition of higher margin private label cards, slightly offset by the decrease in margins attributable to branded products and increasing competition from additional cards entering the marketplace.

Traveling expenses for the year ended December 31, 2001 increased by \$4,325,000

to \$5,924,000, an increase of 77% over operating expenses of \$5,599,000 for the year ended December 31, 2000. Of this, general and administrative expenses increased by \$2,358,000 or 53% to \$6,810,000 for 2001 as compared to \$4,452,000 for 2000. This increase was primarily due to the increase in salaries by \$969,000 to \$1,998,000 in 2001 as compared to \$1,029,000 in 2000 resulting from additional personnel required for new offices, direct sales efforts and Internet customer service. Included in the general and administrative expenses is the cost of processing credit card sales over the Internet in the amount of \$225,000 for the year 2001. Rent expenses increased by \$180,000 to \$308,000 in 2001 as compared to \$128,000 in 2000 as the company continued to add new locations and expand its existing facilities. Professional fees increased by \$393,000 to \$1,172,000 in 2001 as compared to \$779,000 in 2000. The increase in professional was due to legal and accounting fees incurred primarily in connection with lawsuits settled in 2001 and legal and accounting costs incurred in connection with opening new locations during the year. Travel and related expenses increased by \$197,000 whereas telephone and

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utilities increased by \$189,000. Other general and administrative expenses increased due to the company opening additional locations and expenses related to increase in sales volume.

Selling expenses increased by \$1,680,000 or 306% to \$2,229,000 in 2001 as compared to \$549,000 during the year 2000. Of this, \$330,000 was increases in promotional expenses incurred in connection with the Company promoting its private label cards during the year 2001. The commission expense increased by \$892,000 as the Company hired commissioned salespersons in 2001 to promote its sales. Advertising costs increased by \$658,000 to \$817,000 in 2001 from \$159,000 in 2000 as the company increased the sales of its private label cards and sales over the Internet. Trade shows expense was reduced by \$138,000 as a result of negotiated packages, and cost of printing of trade publications were reduced by \$63,000 as the company utilized its in-house facilities in designing these publications.

Provision for bad and doubtful debts increased by \$287,000 to \$885,000 in 2001 as compared to \$598,000 in 2000 an increase of 48% over prior year. This increase is nominal compared to the 148% increase in sales.

Other Expenses decreased by \$470,000 to \$320,000 in 2001, as compared to \$790,000 during the year 2000. Included in other expenses is a one-time charge for amount payable to an ex-vendor in connection with a litigation settlement in the amount of \$203,000.

We had net earnings of \$656,000 for 2001 as compared to net loss of \$3,444,000 for the year ended December 31, 2000.

CAPITAL RESOURCES AND LIQUIDITY

At December 31, 2002, we had total current assets of approximately \$47,628,000. This included \$7,527,000 in cash, \$1,021,000 in restricted cash, \$18,041,000 of inventory and \$19,675,000 of accounts receivable. Our cash balances vary significantly from day-to-day due the large volume of purchases and sales we make from the various prepaid phone card companies and the numerous distributors to whom we sell cards. Although we had current liabilities of \$57,661,000 at December 31, 2002, we believe that continued support from our trade creditors will provide us with adequate liquidity to fund our operations.

We provided \$5,108,000 in cash from operating activities during the year ended December 31, 2002 as compared to \$3,485,000 during the same period in 2001. Increases in cash flows during the year ended December 31, 2002 are related to an increase in accounts payable by \$22,643,000, offset by increase in accounts receivables and inventories. Our decrease in working capital is attributable to our net loss from operations and to a lesser extent to our opening of new offices, which involve carrying of additional inventories and accounts receivable. We believe our working capital shortfalls will decline once these offices are established and profitable.

Investing activities used \$1,266,000 during the year ended December 31, 2002 to acquire additional fixed assets and acquisition of business of a distributor in Virginia. Financing activities used \$651,000 during the year ended December 31, 2002 to pay down notes payable and principal on debt obligations.

We believe that existing cash and cash equivalents, cash flow from operations and available vendor credit, including recently negotiated more favorable payment terms will be sufficient to meet its

planned working capital and capital expenditure budget through the year 2003. However, circumstances could arise which would require the payment to our vendors sooner than we currently expect. We are largely dependent upon the credit granted to us by our vendors. In the event sufficient vendor credit is not available to us we would require other sources of financing. If we are required to seek other financing, there can be no assurance that we will be able to obtain such financing on commercially reasonable terms, or otherwise, or that we will be able to otherwise satisfy our short-term cash flow needs from other sources in the future which would have a material adverse effect on our operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

We are continuously renegotiating credit terms with our telephone card suppliers. The favorable changes in terms from our vendors has eliminated the temporary cash crunches that have occurred in the past, due to the restrictive credit terms previously made available to us from the telecommunications companies we buy branded cards from, as compared to the credit terms we make available to our customers. The Company believes its relationships with its vendors are satisfactory, however, the Company's creditors currently have the right to modify credit terms.

CRITICAL ACCOUNTING POLICIES

Financial Reporting Release No. 60, published by the SEC, recommends that all companies include a discussion of critical accounting policies used in the preparation of their financial statements. The Company's significant accounting policies are summarized in Note A of its financial statements. While all these significant accounting policies impact its financial condition and results of operations, the Company views certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on the Company's financial statements and require management to use a greater degree of judgment and/or estimates. Actual results may differ from those estimates.

The Company believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on the Company's consolidated results of operations, financial position or liquidity for the periods presented in this report.

The accounting policies identified as critical are as follows:

REVENUE RECOGNITION. The Company recognizes revenues in accordance with generally accepted accounting principles as outlined in SAB No. 101 which requires that four basic criteria be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists, (2) product delivery, including customer acceptance, has occurred or services have been rendered, (3) the price is fixed or determinable and (4) collectibility is reasonably assured. The Company believes that its revenue recognition policy is critical because revenue is a very significant component of its results of operations. Decisions relative to criteria (4) regarding collectibility are based upon management judgments and should conditions change in the future and cause management to determine these criteria are not met; the Company's recognized results may be affected.

INCOME TAXES. In preparing the Company's consolidated financial statements, income tax expense is calculated for each of the jurisdictions in which the Company operates. This process involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes which are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability and where their recovery is not likely, a valuation allowance is established and a corresponding additional tax expense is recorded.

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in the Company's statement of operations. In the event that actual results differ from the Company's estimates given changes in assumptions, the provision for income taxes could be materially impacted. As of December 31, 2002, the company had a deferred tax asset of approximately \$4,059,000 and a full valuation allowance due to uncertainty surrounding the company's ability to realize its deferred tax asset.

INVENTORIES. Inventories, which are composed of prepaid calling cards, are valued at the lower of cost (first in, first out) or market. On a periodic basis, we compare the amount of inventory on hand and under commitment with our latest forecasted requirements to determine whether write-downs for excess or

obsolete inventory are required. Although we consider the amounts on hand at quarter-end to be realizable, there can be no assurance that these amounts will prove to be realizable over time.

GOODWILL AND OTHER INTANGIBLES. Purchase accounting requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market value of the assets and liabilities purchased, with the excess value, if any, being classified as goodwill. In addition, as described in Notes A of the Company's financial statements, as a result of the Company's acquisitions values were assigned to intangible assets for customer lists and related relationships. Finite useful lives were assigned to these intangibles and they will be amortized over their remaining life. As with any intangible asset future write-downs may be required if the value of these assets become impaired

ALLOWANCE FOR DOUBTFUL ACCOUNTS. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by a review of their current credit information. The Company continuously monitors collections and payments from customers and a provision for estimated credit losses is maintained based upon its historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within the Company's expectations and the provisions established, the Company cannot guarantee that the same credit loss rates will be experienced in the future. Concentration risk exists relative to the Company's accounts receivable, as 25.2% of the Company's total accounts receivable balance at December 31, 2002 is concentrated in one affiliated customer. While the accounts receivable related to this customer may be significant, the Company does not believe the credit loss risk to be significant given the consistent payment history by this customer.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board, or FASB, issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Intangible Assets". Major provisions of these Statements are as follows: all business combinations initiated after June 30, 2001 must use the purchase method of accounting; the pooling of interest method of accounting is prohibited except for transactions initiated before July 1, 2001; intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, rented or exchanged, either individually or as part of a related contract, asset or liability; goodwill and intangible assets with indefinite lives are not amortized but are tested for impairment annually using a fair value approach, except in certain

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circumstances, and whenever there is an impairment indicator; other intangible assets will continue to be valued and amortized over their estimated lives; all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting; effective January 1, 2002, existing goodwill will no longer be subject to amortization. The adoption of SFAS No. 142 in January 2002 did not have a material impact on our operating results or financial condition.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which establishes one accounting model to be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. SFAS No. 144 supercedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions of APE Opinion No. 30. SFAS No. 144 requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. The adoption of SFAS No. 144 in January 2002 did not have a material impact on our operating results or financial condition.

In July 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that Statement, FASB Statement No. 44, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. This Statement also rescinds FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers. This Statement amends FASB No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions. This Statement also amends other

existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. We have not yet determined the effect that the provisions of SFAS No. 145 would have on our operating results or financial position, if any.

In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities", which addresses accounting for restructuring and similar costs. SFAS 146 supersedes previous accounting guidance, principally Emerging Issues Task Force Issue No. 94-3. The Company will adopt the provisions of SFAS 146 for restructuring activities initiated after December 31, 2002. SFAS 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost was recognized at the date of the Company's commitment to an exit plan. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly, SFAS 146 may affect the timing of recognizing future restructuring costs as well as the amounts to be recognized.

In November 2002, the EITF reached a consensus on Issue No. 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables". The EITF concluded that revenue arrangements with multiple elements should be divided into separate units of accounting if the deliverables in the arrangement have value to the customer on a standalone basis, if there is objective and reliable evidence of the fair value of the undelivered elements, and as long as there are no rights of return or additional performance guarantees by us. The provisions of EITF Issue No. 00-21 are applicable to agreements entered into in fiscal periods beginning after June 15, 2003. We are currently determining

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what effect, if any, the provisions of EITF Issue No. 00-21 will have on our operating results or financial condition.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. The recognition and measurement provisions will be applied to guarantees issued or modified after December 31, 2002. We have not determined the impact of FIN 45 on our operating results or financial condition.

In January 2003, the FASB issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities." In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables real estate or other property. A variable interest entity may be essentially passive or it may engage in activities on behalf of another company. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No. 46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN No. 46's consolidation requirements apply immediately to variable interest entities created or acquired after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year on interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company has not adopted FIN No. 46 for the year ended December 31, 2002 and has not completed its analysis of the effects of adopting FIN No. 46.

In December 2002, the FASB issued SFAS 148, "Accounting for Stock-Based Compensation--Transition and Disclosure--an amendment of FASB Statement No. 123." This statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. We have not yet determined the effect that the transition provisions of SFAS No. 148 would have on our operating results or financial position, if any.

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ITEM 6. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

9278 Communications, Inc. and Subsidiaries

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders of
9278 COMMUNICATIONS, INC

We have audited the accompanying consolidated balance sheets of 9278 Communications, Inc. and Subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of 9278 Communications, Inc. and Subsidiaries as of December 31, 2002, and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note A, the Company incurred a net loss of \$5,970,000 during the year ended December 31, 2002 and its current liabilities exceeded its current assets as of December 31, 2002. These factors, among others, raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have also audited Schedule II - Valuation and Qualifying Accounts for the year ended December 31, 2002. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

Grant Thornton LLP
New York, New York
April 11, 2003

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(LETTERHEAD OF FRIEDMAN ALPREN GREEN LLP)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
9278 Communications Inc.

We have audited the accompanying consolidated statements of operations, changes in shareholders' equity and cash flows for the year ended December 31, 2000 of 9278 Communications, Inc. and Subsidiaries. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of 9278 Communications, Inc. and Subsidiaries for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

New York, New York
March 23, 2001

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9278 Communications, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS	2002	2001
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,527,098	\$ 4,335,936
Restricted cash	1,020,809	1,051,215
Accounts receivable, net of allowance of \$760,000 in 2002 and \$760,000 in 2001	14,711,938	13,058,773
Accounts receivable - related party	4,863,508	1,315,013

Inventories	18,041,063	12,969,347
Prepaid expenses and other current assets	32,622	149,044
Total current assets	46,297,018	32,878,328
PROPERTY AND EQUIPMENT, NET	1,801,798	1,306,884
NOTE RECEIVABLE-STRATEGIC PARTNER	1,530,975	
GOODWILL	3,624,071	3,624,071
OTHER ASSETS	690,831	158,187
	-----	-----
	\$53,944,693	\$37,968,468
	=====	=====

The accompanying notes are an integral part of these statements.

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9278 Communications, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31,

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		---
Accounts payable and accrued expenses		\$97
Accounts payable - related party		
Current maturities of notes and advances payable, Shareholder		
Current maturities of capital lease obligations		
Current maturities of convertible notes payable		
Income taxes payable		---
Total current liabilities		97
CAPITAL LEASE OBLIGATIONS, less current maturities		
CONVERTIBLE NOTES PAYABLE, less current maturities		
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - \$.001 par value; 40,000,000 shares authorized; 23,932,912 and 22,932,912 shares issued and outstanding in 2002 and 2001, respectively		
Capital in excess of par value		8
Accumulated deficit		(12)

\$97

The accompanying notes are an integral part of these statements.

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9278 Communications, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31,

	2002	2001
	-----	-----
Net sales	\$246,979,717	\$200,17
Cost of sales	233,800,151	189,21
	-----	-----
Gross profit	13,179,566	10,96
	-----	-----
Operating expenses		
Selling	7,575,872	2,22
General and administrative	10,774,408	6,80
Provision for bad debts	790,402	88
	-----	-----
	19,140,682	9,92
	-----	-----
Operating profit (loss)	(5,961,116)	1,04
	-----	-----
Other expense		
Interest expense	33,638	11
Litigation settlement	-	20
Loss on disposal of assets	-	-
Unrealized loss on investment	-	-
	-----	-----
	33,638	-
	-----	-----
Earnings (loss) before income taxes	(5,994,754)	72
Income tax provision (benefit)	(24,949)	6
	-----	-----
NET EARNINGS (LOSS)	\$ (5,969,805)	\$ 65
	=====	=====
Earnings (loss) per common share		
Basic and diluted	\$(0.25)	-
	=====	=====
Weighted-average shares		
Basic and diluted	23,932,912	24,50
	=====	=====

The accompanying notes are an integral part of these statements

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9278 Communications, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)

Years ended December 31, 2002, 2001 and 2000

	Convertible preferred stock		Common stock	
	Shares	Amount	Shares	Amount
Balance January 1, 2000	1,500	\$1,500,000	19,659,629	\$19,6
Conversion of preferred stock to common stock	(995)	(995,000)	873,340	8
Issuance of common stock through private placement			529,000	5
Issuance of common stock to officer in exchange for advances payable			250,000	2
Issuance of common stock for services rendered			855,000	8
Issuance of common stock upon acquisition of Reliable Networks, Inc.			1,000,000	1,0
Net loss	-----	-----	-----	-----
Balance at December 31, 2000	505	505,000	23,166,969	23,1
Conversion of preferred stock to common stock	(505)	(505,000)	776,013	7
Repurchase and retirement of common stock			(1,010,070)	(1,0
Net income	-----	-----	-----	-----
Balance at December 31, 2001			22,932,912	22,9
Issuance of common stock in connection with acquisition of Reliable Networks, Inc.			1,000,000	1,0
Net loss	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2002	-	\$ -	23,932,912	\$23,9

The accompanying notes are an integral part of these statements

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9276 Communications, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31

	2002	
Cash flows from operating activities		
Net income (loss)	\$ (5,969,805)	\$
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities, net of assets acquired and liabilities assumed		
Depreciation and amortization	392,612	
Provision for doubtful accounts	750,403	
Issuance of common stock for services rendered		
Unrealized loss on investments		
Loss on sale of equipment		
Changes in assets and liabilities, net of acquisitions		
Restricted cash	30,404	
Accounts receivable	(2,443,546)	(8)
Accounts receivable - related party	(3,646,497)	(3)
Inventories	(4,852,363)	(3)
Prepaid expenses and other current assets	116,421	

Other assets	(393,624)	
Accounts payable and accrued expenses	22,919,795	20
Accounts payable - related party	(277,198)	
Income taxes payable	(45,105)	
	-----	----
Net cash provided by operating activities	6,639,497	3,
	-----	----
Cash flows from investing activities		
Acquisition of property and equipment	(877,547)	
Note receivable, Strategic Partner	(1,530,975)	
Acquisition of businesses	(388,351)	
Disposition of marketable securities		
	-----	----
Net cash used in investing activities	(2,796,873)	(1,
	-----	----
Cash flows from financing activities		
Notes and advances payable, shareholder, net	(570,100)	(2,
Principal payments on capital lease obligations	(45,538)	
Proceeds from convertible notes payable		
Principal payments on convertible notes payable	(35,824)	
Repurchase and retirement of common stock		
Issuance of common stock		
	-----	----
Net cash provided by (used in) financing activities	(651,462)	(2,
	-----	----
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,191,162	
Cash and cash equivalents, beginning of year	4,335,936	4,
	-----	----
Cash and cash equivalents, end of year	\$ 7,527,098	\$ 4,
	=====	=====

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9278 Communications, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Year ended December 31,

	2002	

Supplemental disclosures of cash flow information:		
Cash paid during the year for		
Interest	\$ 55,694	\$
Income taxes	(24,949)	
Noncash investing and financing activities:		
Equipment acquired under capital leases		\$
Conversion of notes and advances payable, shareholder for common stock		
Conversion of preferred stock to common stock		
Notes issued for accrued dividends		
Issuance of common stock for net noncash assets received in merger		
Additional paid-in capital arising from contribution of treasury shares		
Acquisition of Reliable Networks, Inc. Net assets acquired Goodwill		

Less
Common stock issued
Contingent consideration - common stock
Promissory notes payable

Cash paid

The accompanying notes are an integral part of these statements

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company distributes prepaid telephone calling cards to distributors and retail establishments through its various sales locations throughout the United States.

In addition, the Company markets certain prepaid calling cards directly to consumers via its internet website, 9278.Com. Sales via the internet were \$19,327,000, \$6,649,000 and \$0 for the years ended December 31, 2002, 2001 and 2000 respectively.

9278 Communications, Inc. is the successor-consolidated entity formed by the merger, on December 10, 1999, of 9278 Distributor Inc. (the "Company") and iLink Telecom, Inc. ("iLink"). iLink was originally incorporated in Colorado on December 10, 1997 and was reincorporated in Nevada on July 14, 1998. Concurrent with the merger, iLink, a publicly held company and the legally surviving parent company, changed its name to 9278 Communications, Inc. This event has been given retroactive treatment in these financial statements. The Company was incorporated in New York on April 17, 1997 and reincorporated in Delaware on April 3, 2000. This reincorporation had no impact on the Company's authorized stock.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company sustained substantial losses from operations and its current liabilities exceeded its current assets by approximately \$11,364,000 as of December 31, 2002. The company is largely dependent upon the extension of credit from its vendors, in particular on credit granted by a significant supplier. These factors raise substantial doubt about the Company's ability to continue as a going concern.

In the event sufficient vendor credit is no longer available, the Company would be required to seek other financing, however there can be no assurance that the Company will be able to obtain such financing on commercially reasonable terms, or otherwise or that the Company would be able to satisfy short-term cash flow needs. The Company is continuously renegotiating credit terms with its suppliers and, to date, has received favorable terms. The Company believes its relationships with its vendors are satisfactory; however, the Company's creditors currently have the right to modify credit terms.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

1. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of 9278 Communications, Inc. and its wholly-owned subsidiaries, 9278 Distributors, Inc., 9278 Dot Com, Inc., E-Store Solution, Inc., Reliable Acquisition Corp., 9278 Wireless Inc., 9278

Distributors Maryland Inc., 9278 Distributors Illinois Inc., NTSE Communications, Inc., 9278 Distributors Florida Inc., 9278 Distributors North Carolina Inc. and 9278 Distributors New Jersey Inc. (hereinafter, the

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

"Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

2. Cash and Cash Equivalents

Cash and cash equivalents include all cash and highly liquid investments with an original maturity of three months or less.

3. Inventories

Inventories, which consist of prepaid telephone cards, are stated at the lower of cost (first-in, first-out) or market.

4. Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for, using straight-line and accelerated methods, in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Leased property under capital leases is amortized over the shorter of the service lives of the assets or the term of the lease. Repairs and maintenance are charged to operations as incurred.

5. Goodwill

Effective January 1, 2002, the Company adopted SFAS No. 142, Goodwill and Other Intangible Assets. In accordance with the guidelines of this accounting principle, goodwill and indefinite-lived intangible assets are no longer amortized but will be assessed for impairment on at least an annual basis. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table presents a reconciliation of net income and earnings-per-share amounts, as reported in the financial statements, to those amounts adjusted for goodwill and intangible asset amortization determined in accordance with the provisions of SFAS 142

	2002	2001	2000
	----	----	----
Reported net income (loss)	\$ (5,969,805)	\$ 885,974	\$ (3,444,426)
Add back: goodwill amortization	-	260,000	17,000
Adjusted net income (loss)	\$ (5,969,805)	\$ 918,974	\$ (3,427,426)

EARNINGS (LOSS) PER SHARE (BASIC AND

DILUTED):			
Reported net income (loss)	\$	(0.25)	\$ 0.03 \$ (0.16)
Goodwill amortization		-	0.01 -
		-----	-----
Adjusted net income (loss)	\$	(0.25)	\$ 0.04 \$ (0.16)
		-----	-----

Goodwill amortization, which was \$260,000 and \$17,000 for the years ended December 31, 2001 and 2000, respectively, ceased effective January 1, 2002. In the first quarter of 2002, pursuant to SFAS No. 142, the Company completed its reassessment of previously recognized intangible assets, and ceased amortization of indefinite-lived intangible assets.

SFAS No. 142 requires that goodwill be tested for impairment upon adoption and at least annually thereafter, utilizing a two-step methodology. The initial step requires the Company to determine the fair value of the business acquired and compare it to the carrying value, including goodwill, of such business. If the fair value exceeds the carrying value, no impairment loss would be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the unit may be impaired. The amount, if any, of the impairment is then measured in the second step.

The Company completed the initial step of impairment testing during the first quarter which indicated that no goodwill impairment existed as of January 1, 2002. The Company determined the fair value of business acquired for purposes of this test primarily by using a discounted cash flow valuation technique. Significant estimates used in the valuation include estimates of future cash flows, both future short-term and long-term growth rates, and estimated cost of capital for purposes of arriving at a discount factor. Based on that analysis, no impairment was recognized.

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company performed its annual impairment test as of the beginning of the fourth quarter of 2002. The Company determined the fair value of the business acquired for purposes of this test primarily by using a discounted cash flow valuation technique. Significant estimates used in the valuation include estimates of future cash flows, both future short-term and long-term growth rates, and estimated cost of capital for purposes of arriving at a discount factor. Based on comparing this discounted cash flow model to the carrying value of the reporting units, no impairment was recognized in the consolidated statement of operations for the year ended December 31, 2002. On an ongoing basis, the Company expects to perform its annual impairment test during the fourth quarter absent any impairment indicators.

8. Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be fully recoverable. If an impairment indicator is present, the Company evaluates recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows that the Company expects to generate from these assets. If the assets are impaired, the Company recognizes an impairment charge equal to the amount by which the carrying amount exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying values or fair values, less estimated costs of disposal.

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 143 ("SFAS No. 143"), "Accounting for Asset Retirement Obligations," which is effective for years beginning after June 15, 2002. SFAS No. 143 addresses legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development or normal operation of a long-lived asset. The standard requires that the fair value of a liability for an asset retirement obligation be

recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Any associated asset retirement costs are to be capitalized as part of the carrying amount of the long-lived asset and expensed over the life of the asset. The Company has elected to adopt SFAS No. 143 for the year beginning January 1, 2002.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets," which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 clarifies accounting and reporting for assets held for sale, scheduled for abandonment or other disposal, and recognition of impairment loss related to the carrying value of long-lived assets. The Company has elected to adopt SFAS No. 144 for the year beginning January 1, 2002.

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Income Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting of Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

8. Earnings (Loss) Per Share

Basic earnings (loss) per share are determined by dividing the Company's net earnings (loss) by the weighted-average shares outstanding. Diluted earnings per share include the dilutive effects of outstanding stock option and warrants. Excluded from the calculation of diluted earnings per share are 210,000, 235,000 and 23,000 options and warrants to purchase the Company's common stock in 2001, 2000 and 1999, respectively, as their inclusion would have been antidilutive.

9. Stock-Based Compensation Plans

The Company maintains two stock option plans, as more fully described in Note J to the consolidated financial statements, which are accounted for using the "intrinsic value" method pursuant to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and, accordingly, recognizes no compensation expense. Therefore, the Company has elected the disclosure provisions only of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation."

Pro Forma earnings (loss) and earnings (loss) per share are not presented as the pro forma information is not materially different from the Company's reported results.

10. Revenue Recognition

Revenue is recognized from sales when products are shipped and title passes to the customer. Sales incentives in the form of free products given to the Company's distributors are classified as a reduction of revenues.

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9278 Communications, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11 Advertising

Advertising costs are expensed as incurred and totaled \$3,517,000, \$817,000 and \$159,000 in 2002, 2001 and 2000, respectively.

12 Shipping and Handling Fees and Costs

The Company includes fees billed to a customer relating to shipping and handling costs in net sales. All shipping and handling expenses incurred by the Company are included in cost of sales.

13 Uses of Estimates and Fair Value of Financial Instruments

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management of the Company believes that the fair value of financial instruments, consisting of cash, accounts receivable and debt, approximates carrying value due to the immediate or short-term maturity associated with its cash and accounts receivable and the interest rates associated with its debt.

14 Accounts Receivable

Accounts receivable are due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payment subsequently received on such receivables are credited to the allowance for doubtful debts.

15 Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

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9278 Communications, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. Recently Issued accounting pronouncements.

In June 2002, the FASB issued SFAS No.146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No.146 nullifies Emerging Issues Task Force Issue No. 94-3 and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This statement also establishes that fair value is the objective for initial measurement of the liability. SFAS No.146 is effective for exit or disposal activities that are initiated after December 31, 2002. The impact of the adoption of SFAS No. 146 is not expected to have a material impact

on the Company's financial position or results of operations

In December 2002, the FASB issued SFAS No.148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No.123." SFAS No.148 amends SFAS No.123,"Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value-based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APE Opinion No.25 and related interpretations as provided for under SFAS No.148. Accordingly, compensation expense is only recognized when the market value of the Company's stock at the date of the grant exceeds the amount an employee must pay to acquire the stock. 2003. The adoption of SFAS No.148 did not have material impact on the Company's financial position or results of operations.

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9276 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2002, the FASB issued FASB Interpretation No.45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No.45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN No. 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN No.45 are effective for any guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of interim or annual period ending December 15, 2002. The adoption of the disclosure requirements of FIN No. 45 did not have a material impact on the Company's financial position or results of operations. The Company is currently evaluating the effects of the recognition provision of FIN No. 45, but does not expect the adoption to have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No.46 "Consolidation of Variable Interest Entities." In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables real estate or other property. A variable interest entity may be essentially passive or it may engage in activities on behalf of another company. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No.46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN No. 46's consolidation requirements apply immediately to variable interest entities created or acquired after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company has not adopted FIN No.46 for the year ended December 31, 2002, however the Company has provided for the required disclosures required by FIN No. 46 (see Note F). The Company has not completed its analysis of the effects of adopting FIN No. 46.

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9276 Communications, Inc. and Subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2002, 2001 and 2000

NOTE E - ACQUISITIONS

On August 31, 2002, the Company acquired certain assets of one of its distributors in an asset purchase transaction, wherein it acquired inventories and customer lists of the distributor. The Company paid \$149,000 in excess of the tangible assets, which has been allocated to the estimated value of acquired customer lists. The assets acquired were recorded at estimated fair market value. The consolidated statements of operations include the results of this acquisition beginning September 1, 2002.

A summary of the transactions is as follows:

Assets purchased	
Inventory purchased	239,351
Customer lists	149,000

Net assets acquired	\$ 388,351
	=====
Cash paid	\$ 388,351

Pro forma results of operations are not presented, as they are not material to the historical results presented herein.

On January 23, 2001, the Company acquired certain assets of two of its distributors in an asset purchase transaction, wherein it acquired accounts receivable, inventories, fixed assets and customer lists of the distributors, net of accounts payable. The Company paid \$100,000 in excess of its net assets for the customer lists. The assets acquired and liabilities assumed were recorded at estimated fair values. The consolidated statements of operations include the results of this acquisition beginning January 23, 2001. A summary of the transactions is as follows:

Assets purchased	
Accounts receivable	\$ 147,904
Inventories	68,015
Other assets	5,500
Customer lists	100,000

	\$21,419
Liabilities assumed	
Accounts payable	(113,677)

Net assets acquired	\$ 207,742
	=====
Cash paid	\$ 207,742
	=====b

Pro forma results of operations are not presented, as they are not material to the historical results presented herein.

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9276 Communications, Inc. and Subsidiaries
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2002, 2001 and 2000

NOTE C- INVESTMENTS AND OTHER TRANSACTIONS

On September 1, 2000, the Company entered into an agreement with Rapid Release Research, LLC ("Rapid Release"), a company that is in the business of providing services for management consulting, business advisory, shareholder information and public relations (the "Consulting Agreement"). Rapid Release was to be used to inform the public of the potential investment merit of the Company and its securities, thereby increasing investor recognition and market liquidity and improving shareholder value, and to assist the Company in acquisitions, mergers and other financial transactions. This agreement was for a period of four years. The Company issued Rapid Release 800,000 shares of its common stock and has recognized the expense from this agreement based on the market value of the stock of the Company at the date of issue, which was \$875,040, in the year ended December 31, 2000.

On January 29, 2001, the Company acquired, for a nominal amount, a 27% equity interest in DMS Acquisition Corp., (a Delaware corporation) as an inducement to enter into a long-term distribution agreement with DMS Acquisition Corp. DMS Acquisition Corp. is a facility-based carrier of long-distance telephone service. On February 8, 2001, DMS Acquisition Corp. was a party to a triangular merger with Capital One Ventures Corp. (an OTC publicly traded company) with Capital One Ventures Corp. as the surviving entity. DMS Acquisition Corp. became a wholly-owned subsidiary of Capital One Ventures Corp. Simultaneous with the merger, Capital One Ventures Corp. changed the corporate name to Cirus Telecom, Inc. ("Cirus"). As a result of the merger, the Company's equity interest of 10,800,000 shares of Cirus was diluted to 18%. The Company's investment in Cirus was restricted and subject to other conditions pursuant to the distribution agreement. The investment in Cirus is accounted for at cost and is not material to the Company's financial position. On September 26, 2001, under the terms of the Consulting Agreement between Rapid Release and the Company, Rapid Release returned to the Company 800,000 shares of the Company's common stock in exchange for 600,000 shares of Cirus stock held by the Company. As additional consideration, the two parties mutually agreed to declare the Consulting Agreement as null and void. The Company also delivered 60,000 shares of Cirus stock to a consulting firm, for its services in negotiating this settlement agreement. The Company has recorded no gain or loss from this transaction.

On September 26, 2001, the Company transferred the balance of 10,140,000 shares of Cirus stock back to Cirus in exchange for (i) Cirus' consent to the September 26, 2001 transaction between the Company and Rapid Release; (ii) 210,070 shares of the Company's common stock held by certain shareholders of Cirus; and (iii) an unconditional release from the Distribution Agreement dated February 6, 2001, signed between Cirus and the Company, from the day of its inception.

On September 30, 2001, the Company retired 1,010,070 shares of its common stock it received from the above settlements.

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE D- PREFERRED STOCK

During the year ended December 31, 2001, the Company converted 508 shares of Class E, \$.001 par value convertible preferred stock into 776,013 shares of common stock.

NOTE E- RESTRICTED CASH

Restricted cash consists of the following:

	DECEMBER 31 2002
Amounts invested in certificate of deposit, which is pledged as collateral for a letter of credit issued by the bank	\$1,020,809
Amounts invested in certificate of deposit held by bank as	

collateral fee deposited funds returned for insufficient funds by customer bank	-

	\$1,020,809

NOTE F - NOTE RECEIVABLE - STRATEGIC PARTNER

On December 1, 2002, the Company entered into an agreement with a newly established telecommunications carrier ("Telecom") whereby the Company agreed to advance up to \$3 million to establish a switching platform (the "platform") to provide telecommunication services in exchange for certain preferential rights to the said services. Such advances are evidenced by a promissory note which bears interest at 10% and is collateralized by all current and future assets of Telecom. The Company further agreed to utilize a minimum of \$10 million of these services during the year ended December 31, 2003.

In the event that Telecom is not successful in establishing the platform or does not provide the aforementioned services to the Company in terms of the agreement, they will be required to repay all monies previously advanced to them and all equipment and infrastructure purchased with the said funds will revert to the Company.

Presently, the Company is Telecom's sole source of funds and sole customer. As a result, the operations of Telecom may be required to be consolidated with those of the Company in terms of FASE Interpretation No.46, "Consolidation of Variable Interest Entities". As of April 11, 2003, the Company had advanced approximately \$3.9 million to Telecom. In addition, as of April 11, 2003, the Company had outstanding billings from Telecom for services aggregating approximately \$3.9 million.

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2278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE G- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	Estimated useful life (years)	2002	2001
		-----	-----
Furniture and equipment	5 - 7	\$ 698,345	\$ 483,164
Automobiles	5 - 7	270,064	224,566
Computer equipment	5	1,269,182	731,685
Leasehold improvements	3 - 8	325,100	245,725
		-----	-----
		2,562,691	1,685,144
Less accumulated depreciation and amortization		760,893	378,260
		-----	-----
		\$1,801,798	\$1,306,884
		-----	-----

Depreciation and amortization expense for property and equipment for the years ended December 31, 2002, 2001 and 2000 was approximately \$383,000, \$242,000 and \$115,000, respectively.

Property and equipment under capital leases totaled approximately \$215,440 and \$215,440 and accumulated amortization on such property and equipment aggregated approximately \$92,149 and \$61,185 at December 31, 2002 and 2001 respectively.

NOTE H - NOTES PAYABLE - SHAREHOLDER

On December 10, 1999, the Company declared \$1,000,000 in dividends, of which \$1,000,000 was paid. On December 11, 1999, the Company executed a promissory note for \$1,000,000 for the declared but unpaid dividends, payable to the Company's chief executive officer, who is also a

shareholder. A principal payment of \$1,000,000 was originally due on June 13, 2000, and the second payment originally payable on December 13, 2001. On March 22, 2001, the Company amended the terms of these promissory notes to defer both payments to March 31, 2002 and December 31, 2002, respectively. The final payment is accelerated if the Company's gross revenue exceeds \$10 million in each of any six consecutive calendar months or exceeds \$60 million in any six-month period. During the year-ended December 31, 2002, the Company paid the remaining principal payments aggregating \$570,000. Interest was payable at a rate of 8%. Interest expense on this note was \$12,017 and \$90,100 for the years ended December 31, 2002 and 2001, respectively.

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE 1- INCOME TAXES

The provision (benefit) for income taxes is summarized as follows:

	2002	2001	2000
Current			
Federal	\$ -	\$31,400	\$ -
State	(24,949)	34,000	25,404
Deferred	(24,949)	65,400	25,404
	\$ (24,949)	\$ 65,400	\$25,404

The actual income tax expense (benefit) differs from the Federal statutory rate as follows:

	2002		2001	
	Amount	%	Amount	%
Federal statutory rate	\$ (2,038,000)	(34.0)%	\$ 245,000	34.0%
State income taxes, net of Federal income tax benefit	(24,949)	0.4	22,044	2.0
Utilization of net operating loss carry forwards	-		(201,644)	(31.0)
Valuation allowance	2,038,000	34.0		
	\$ (24,949)	0.0%	\$ 65,400	5.0%

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE 1 - INCOME TAXES (CONTINUED)

The tax effects of temporary differences which give rise to deferred tax assets at December 31, 2002 and 2001 are summarized as follows:

	2002	2001
Deferred tax assets		
Allowance for doubtful accounts	342,000	\$ 342,000
Accrued compensation	160,000	213,750
Net operating loss carry forwards	3,475,000	576,000
Federal AMT credit	-	14,400
	-----	-----
Gross deferred tax assets	3,997,000	1,146,150
Valuation allowance	(3,997,000)	(1,146,150)
	-----	-----
Net deferred tax asset	\$ -	\$ -
	=====	=====

At December 31, 2002, the Company has net operating loss carry forwards for Federal income tax purposes aggregating approximately \$7,722,000 expiring through 2022.

The tax loss carry forwards of the Company and its subsidiaries may be subject to limitation by Section 382 of the Internal Revenue Code with respect to the amount utilizable each year. This limitation reduces the Company's ability to utilize net operating loss carry forwards included above each year. The amount of the limitation has not been quantified by the Company.

NOTE J - STOCK OPTION PLANS AND WARRANTS

The Company established a nonqualified stock option plan pursuant to which options to acquire a maximum of 500,000 shares of the Company's common stock were exercisable (the "1993 Plan"). Under the terms of the Plan, the options, which expire ten years after grant, are exercisable at prices equal to the fair market value of the common stock at the date of the grant and become exercisable in accordance with terms established at the time of the grant. At December 31, 2002, there were 477,000 shares available for grant under the 1993 Plan.

In March 2001, the Company adopted, subject to shareholder approval, its 2001 Stock Option Plan (the "2001 Plan") and reserved 5,000,000 shares of common stock there under. Options are nonqualified and are granted at a price equal to the fair market value of the Company's common stock at the date of grant. At December 31, 2002, all 5,000,000 shares were available for grant under the 2001 Plan.

On June 13, 2000, in consideration for an officer's agreement to amend the repayment terms of a \$2,000,000 promissory note, the Company issued a ten-year nonqualified warrant to purchase 200,000

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE J - STOCK OPTION PLANS AND WARRANTS (CONTINUED)

shares of the Company's common stock at an exercise price of \$1.625 per share (which represented the fair market value of the underlying common stock at the time of grant). The warrant, which vested immediately, is exercisable through June 2010 (Note E).

On June 13, 2000, pursuant to an employment agreement between the Company and an officer, the Company issued nonqualified options to purchase 10,000 shares of common stock, at an exercise price of \$4.00 per share. The options vested 100% upon grant and are exercisable for three years from the date of grant.

On March 15, 2000, the Company issued ten-year nonqualified options to purchase 25,000 shares of common stock, at an exercise price of \$4.00 per share to a director of the Company. The options vested as to 50% of the underlying shares on September 15, 2000 and the balance vested on March 15, 2001.

The following is a summary of activity with respect to stock options and

warrants:

	Shares	Price per sh
Outstanding at January 1, 2000	23,000	\$5.25
Granted	235,000	1.63 to 4.0
Expired	(23,000)	5.25
Outstanding at December 31, 2000	235,000	1.63 to 4.0
Forfeited	(25,000)	4.00
Outstanding at December 31, 2001	210,000	1.63 to 4.0
Balance exercisable at December 31, 2002	210,000	1.63 to 4.0

The following table summarizes significant ranges of outstanding and exercisable options and warrants at December 31, 2002:

Ranges of exercise prices	Options and warrants outstanding			Options
	Shares	Weighted-average remaining life in years	Weighted-average exercise price	Shares
\$1.63	200,000	7.45	\$1.63	200,0
\$4.00	10,000	0.42	4.00	10.0

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE J - STOCK OPTION PLANS AND WARRANTS (CONTINUED)

The weighted-average fair value on the grant date was \$1.96 for options and warrants issued during the year ended December 31, 2000. No options or warrants were granted during the year ended December 31, 2002 and 2001.

NOTE K - RELATED PARTY TRANSACTIONS

Sales of inventory to a customer who is related to an officer of the Company were approximately \$29,032,000 and \$21,125,000 and \$4,390,000 for the years ended December 31, 2002, 2001 and 2000, respectively. The Company also purchased inventory from this customer in the amount of \$4,058,000, \$11,151,000 and \$6,323,000 during the years ended December 31, 2002, 2001 and 2000, respectively. Sales to this related party represented 12%, 11% and 12% of total sales during the years ended December 31, 2002, 2001 and 2000, respectively. No other single customer represented greater than 10% of total sales during each of the three years in the period ended December 31, 2002.

NOTE L - CONCENTRATIONS

The Company made purchases from one prepaid telephone calling card supplier which aggregated approximately 61%, 43% and 16% of total purchases during the years ended December 31, 2002, 2001 and 2000, respectively. Additionally, liabilities to this supplier aggregated approximately 70%, 59% and 31% of total accounts payable and accrued expenses at December 31,

2002, 2001 and 2000

The Company made purchases from two separate prepaid telephone card suppliers which aggregated approximately 13% and 15% of total purchases during the years ended December 31, 2001 and 2000, respectively.

NOTE M - COMMITMENTS AND CONTINGENCIES

Litigation

For the year ended December 31, 1999, purchases from one telephone card supplier were approximately 55% of total purchases. In November 1999, the Company commenced an action against this supplier to recover damages resulting from cancellation of the telephone card purchases by the Company. The supplier subsequently countersued. In the Company's opinion, with which its legal counsel concurs, no material liability will result from the countersuit. The Company incurred a loss of \$553,547, which was reflected in the fourth quarter of 1999. The Company subsequently mitigated, in substantial part, its reliance on this supplier by increasing its purchases from other vendors. On September 30, 2001, in

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9278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE M - COMMITMENTS AND CONTINGENCIES (CONTINUED)

order to avoid protracted litigation and mounting legal fees, the Company decided to settle the case, wherein it agreed to pay \$250,000 to the supplier over a period of four years beginning in August 2001, pursuant to a nonnegotiable, convertible promissory note (the "Convertible Note"). This amount is payable in four monthly installments of \$7,500 and 44 subsequent monthly installments of \$5,000, each exclusive of interest. The Company has recorded a \$203,000 charge representing the net present value of the settlement amount. The Convertible Note contains conditions, whereby, upon occurrence of an event of default, as defined, the supplier shall have the right to convert 100% of the unpaid principal balance, plus an additional \$200,000 (the "Default Amount") into fully paid nonassessable shares of the Company's common stock at a conversion price equal to the greater of the fair market value of the common stock on the date of default (\$0.04 at December 31, 2002) or \$1.00 per share.

Aggregate annual maturities of the Convertible Note are summarized as follows:

Year ending December 31,	

2003	\$ 50,020
2004	55,258
2005	34,868

	\$140,146

The Company from time to time is subject to other certain legal proceedings and claims which have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company.

Employment Agreements

On December 10, 1999, the Company entered into a three-year employment agreement with its chief executive officer. Base salary for each of the **three years** will be \$200,000, \$225,000 and \$250,000, respectively. At the end of the three-year period, the employment agreement will automatically be extended for an additional year without any action by the Company or the chief executive officer, unless there is a submitted written notice four months prior to expiration of the agreement by either party. In addition to the base salary, the Company will compensate the chief executive officer with cash bonuses and stock option grants based on the Company's economic performance.

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\$278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE M COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employment Agreements (continued)

On March 22, 2001, in consideration for this officer's agreement to further amend the repayment terms of a \$2,000,000 promissory note (Note H), the Company amended the officer's employment agreement whereby the officer shall receive an additional bonus equal to 5% of the gross profit of the Company, as defined. Such bonus shall be paid in cash, or, at the discretion of the officer, in shares of the Company's common stock, based upon a per share price equal to 75% of fair market value of the common stock. Approximately \$356,000 is payable to the officer and is included in accounts payable and accrued expenses on the consolidated balance sheet at December 31, 2002.

Lease Commitments

The Company leases its main office and sales office facilities and certain equipment pursuant to noncancellable operating and capital leases expiring through November 2008. The minimum rental commitments under these noncancellable leases, at December 31, 2001, are summarized as follows:

Year ending December 31,	Operating leases	Capitalized leases
	-----	-----
2003	\$ 440,178	\$53,268
2004	389,754	41,449
2005	322,412	2,075
2006	309,624	
2007	322,703	
Thereafter	381,227	
	-----	-----
	2,165,898	96,792
Less amount representing interest	-----	10,807

Total minimum lease payments	\$2,165,898	85,985
	=====	
Less current maturities		44,934

Long-term capitalized lease obligations		\$41,051
		=====

Rent expense for all operating leases was \$559,569, \$234,080 and \$128,067 in 2002, 2001 and 2000, respectively.

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\$278 Communications, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE N - SUBSEQUENT EVENTS

On January 31, 2003, the Company announced the execution of a Merger Agreement with NTSE Holding Corp., a corporation wholly owned by the Chairman, Chief Executive Officer and the principal stockholder, which will result in \$278 Communications becoming a privately held corporation, owned by the Company's Chairman. Pursuant to this agreement, all of the outstanding shares of \$278 Communications will be cancelled and our existing stockholders will receive a cash payment of \$0.10 per share. The

transaction is subject to numerous conditions, including the approval by our public stockholders. It is expected that a stockholder's meeting to approve the transaction will be held in May, and that the closing of the transaction, if approved, will occur immediately thereafter.

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9278 Communications, Inc. and Subsidiaries
 SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
 Years Ended December 31, 2002, 2001 and 2000

Column A ----- Description -----	Column B ----- Balance at beginning of period -----	Column C ----- Additions -----	
		(1)	(2)
		Charged to costs and expenses -----	Charged to other accounts - describe -----
Allowance for doubtful accounts			
Year ended December 31, 2002	\$ 760,000 =====	\$ 790,402 =====	\$ - =====
Year ended December 31, 2001	\$ 675,000 =====	\$ 885,282 =====	\$ - =====
Year ended December 31, 2000	\$ 125,000 =====	\$ 598,474 =====	\$ - =====
Valuation allowance-Deferred tax asset			
YEAR ENDED DECEMBER 31, 2002	\$ 1,146,150 =====	\$ 2,850,850 =====	\$ - =====
YEAR ENDED DECEMBER 31, 2001	\$ 1,512,180 =====	\$ - =====	\$ - =====
Year ended December 31, 2000	\$ - =====	\$ 1,512,180 =====	\$ - =====
(a) Accounts receivable written off			
(b) Tax benefit recognized and adjustment of net operating loss carry forward			

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

PART III

ITEM 10. Directors and Executive Officers of The Registrant.

The following persons are our executive officers and directors as of the date hereof:

NAME	AGE	OFFICES HELD
Sajid Kapadia	29	Chairman, Chief Executive Officer and Director
Haris Syed	28	President, Secretary and Director
Hanif Bhagat	29	Director

SAJID KAPADIA. Mr. Kapadia has been our Chairman, Chief Executive Officer and a director of ours since December 1999. In April 1997, Mr. Kapadia founded 9278 Distributor Inc. and served as its President from inception through its merger with iLink Telecom, Inc., our predecessor. Prior to this, Mr. Kapadia was involved in several short-term telemarketing positions. Mr. Kapadia has a degree in mechanical engineering from Gandhi Engineering College in Gujarat, India.

HARIS SYED. Mr. Syed has been our President since March 2001 and has been our Secretary and a director of ours since December 1999. Prior to being named President, he served as our Chief Operating Officer beginning June 2000. Before being appointed as our Chief Operating Officer, he was a Vice President of ours, beginning December 1999. Prior to this, from November 1996 through December 1999, he was the Vice President of TCI Telecom of NY, a telecom switching and voice over Internet protocol integrator.

HANIF BHAGAT. Mr. Bhagat has been a director of ours since March 2001. He has provided consulting services to us since January 2001. Prior to this he was a student at Dawson College in Montreal, Quebec, where he received a Bachelor of Arts degree in communications.

Board of Directors

All of our directors hold office until the next annual meeting of stockholders and the election and qualification of their successors. Our executive officers are elected annually by the Board of Directors to hold office until the first meeting of the Board following the next annual meeting of stockholders and until their successors are chosen and qualified.

Directors' Compensation

We reimburse our directors for expenses incurred in connection with attending Board meetings but we do not pay director's fees or other cash compensation for services rendered as a director.

Item 11. Executive Compensation

Summary Compensation

Set forth below is the aggregate compensation for services rendered in all capacities to us during our fiscal years ended December 31, 2002, 2001 and 2000 by our Chief Executive Officer and each other executive officer of ours who received compensation in excess of \$100,000 during such fiscal years.

SUMMARY COMPENSATION TABLE

ANNUAL COMPENSATION	LONG-TERM COMPENSATION
---------------------	------------------------

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	ANNUAL BONUS (\$)
Sajid Kapadia, Chairman and Chief Executive Officer	2002	\$250,000	\$675,000
	2001	\$200,000	\$475,000
	2000	\$200,000	--
Haris Syed, President	2002	\$150,000	--
	2001	\$150,000	--

We did not grant any stock options to the named executive officers.

EMPLOYMENT AGREEMENTS

Contract with Sajid Kapadia

On December 10, 1999, we entered into an Employment Agreement with Sajid Kapadia. Under the terms of this agreement, Mr. Kapadia will serve as our Chairman of the Board and Chief Executive Officer for an initial term of three years, which term will be automatically extended for additional one

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year periods unless either party submits a notice of non-extension to the other not less than four months prior to the end of the existing term.

Pursuant to the agreement, Mr. Kapadia receives a base salary of \$200,000, \$225,000 and \$250,000 during his first, second and third years of employment, respectively. In addition, during each year of employment Mr. Kapadia shall receive cash bonuses and stock option grants in amounts to be determined by our Board of Directors. We also lease an automobile for Mr. Kapadia's exclusive use. Mr. Kapadia is also entitled to participate in all plans adopted for the general benefit of our employees and executive employees. In March 2001, in consideration for his agreement to extend the payment terms of a promissory note which we made to him and other consideration, we amended Mr. Kapadia's employment agreement to provide that he will receive additional bonus compensation equal to five (5%) percent of our gross profit. This bonus compensation may be paid in cash, or with restricted shares of our common stock based upon a price per share 75% of the fair market value of the shares, at Mr. Kapadia's sole discretion.

The agreement with Mr. Kapadia automatically terminates upon his death. In addition, we can terminate the agreement based on Mr. Kapadia's continued disability, for due cause or without due cause. Mr. Kapadia can terminate his employment for good reason. If the agreement is terminated for death, disability, or due cause, we will pay Mr. Kapadia any unpaid base salary and bonus through the date of termination. If we terminate Mr. Kapadia's employment for any other reason, or if he terminates it for good reason, we will pay him his base salary for the remaining term of the agreement, but in no event less than 24, nor more than 35 months.

Mr. Kapadia's agreement contains standard provisions regarding confidentiality and non-competition during the term of his employment.

Compensation Plans

iLink Telecom, Inc. Non-Qualified Stock Option Plan

Effective June 1, 1999, iLink Telecom, Inc., our predecessor, adopted the iLink Telecom, Inc. Non-Qualified Stock Option Plan (the "iLink Plan"). Options granted under the iLink Plan are not intended to be incentive stock options as defined in Section 422 of the Internal Revenue Code of 1954, as amended. Our employees, directors, officers, consultants and advisors are eligible to be granted options pursuant to the iLink Plan. The exercise price of the options is determined by our Board of Directors.

Options granted pursuant to the iLink Plan terminate on the date established by the Board of Directors when the options are granted.

The iLink Plan is administered by our Board of Directors. The Board of Directors has the authority to interpret the provisions of the iLink Plan and supervise the administration of the iLink Plan. In addition, our Board of Directors is empowered to select those persons to whom options are to be granted, to determine the number of shares subject to each grant of an option

and to determine when, and upon what conditions or options granted under the iLink Plan will vest or otherwise be subject to forfeiture and cancellation.

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In the discretion of our Board of Directors, any option granted pursuant to the iLink Plan may include installment exercise terms so that the option becomes fully exercisable in a series of cumulating portions. The Board of Directors may also accelerate the date upon which any options, or any part of any options, are first exercisable. In the discretion of the Board of Directors, payment for shares of common stock underlying options may be paid through the delivery of shares of our common stock having an aggregate fair market value equal to the option price, provided that such shares have been owned by the option holder for at least one year prior to the exercise. A combination of cash and shares of common stock may also be permitted at the discretion of the Board of Directors. Options are generally non-transferable except upon death of the option holder.

Our Board of Directors may at any time, and from time to time, amend, terminate, or suspend the iLink Plan in any manner it deems appropriate, provided that the amendment, termination or suspension cannot adversely affect rights or obligations with respect to shares or options previously granted.

The iLink Plan is not qualified under Section 401(a) of the Internal Revenue Code, and is not subject to any provisions of the Employee Retirement Income Security Act of 1974.

The maximum number of shares of our common stock for which options may be granted under the iLink Plan is 500,000. If any option expires or is canceled without having been fully exercised we may regrant that option. Options are not exercisable after ten years after the date we grant them. Options we grant under the iLink Plan generally are not transferable and terminate upon severance of employment.

As of the date hereof, no options were outstanding under the iLink Plan.

2001 Stock Option Plan

In March 2001, we adopted our 2001 Stock Option Plan (the "2001 Plan"). The purpose of the 2001 Plan is to further our growth, development and financial success by providing additional incentives and personal interest in our company by those responsible for securing our continued growth and success.

The 2001 Plan is administered by our Board of Directors, and provides for the grant to our employees of both incentive options, intended to qualify under Section 422 of the Internal Revenue Code, and non-qualified options to purchase our common stock. The compensation committee, or Board of Directors if there is no compensation committee, will grant options subject to a vesting schedule, conditions, restrictions and other provisions.

The price of the shares subject to each option will be equal to the fair market value of the shares on the date we grant them. However, if we grant incentive stock options to an individual owning more than 10% of the total combined voting power of all classes of our stock, the exercise price of the options will not be less than 110% of the fair market value of the underlying shares on the date of grant, as required by Section 162(m) of the Internal Revenue Code. If the aggregate fair market value of our shares with respect to which incentive stock options are exercisable by any person for the first time during any calendar year exceeds \$100,000, the options will be treated as non-qualified options.

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A holder of options to purchase our common stock under the 2001 Plan may exercise the options by delivery to us of cash equal to the exercise price, or with approval of the board of directors, shares of our common stock equal to the exercise price, a promissory note equal to the exercise price, or a combination of these forms of payment.

If the outstanding shares of our common stock are changed into or exchanged for a different number or kind of shares or other securities by reason of reorganization, merger, consolidation, reclassification or combination of shares, we will make adjustments in the number and kind of shares for the purchase of which options may be granted.

The holders of options under our 2001 Plan will not be considered shareholders of ours unless and until certificates representing shares of our common stock have been issued by us to such holders.

The maximum number of shares of our common stock for which options may be granted under the 2001 Plan is 5,000,000. If any option expires or is canceled without having been fully exercised we may regrant that option. Options are not exercisable after ten years after the date we grant them. Options we grant under the 2001 Plan generally are not transferable and terminate upon severance of employment.

As of the date hereof, no options are outstanding under the 2001 Plan.

Compensation Committee Interlocks and Insider Participation.

Each member of our Board of Directors participates in the determination of the level of compensation of our executive officers. Two of such directors, Sajid Kapadia and Haris Syed, are officers of ours. Hanif Bhagat, the third director is the brother-in-law of Sajid Kapadia and an employee of ours.

Limitation of Liability and Indemnification Matters

Article nine of our certificate of incorporation provides that the personal liability of our directors will be eliminated to the fullest extent permitted by the provisions of paragraph (7) of subsection (b) of ss.102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented.

Article ten of our certificate of incorporation provides that we will, to the fullest extent permitted by the provisions of the General Corporation Law of the State of Delaware, as now or hereafter in effect, indemnify all persons whom we may indemnify under such provisions. The indemnification provided by this section shall not limit or exclude any rights, indemnities or limitations of liability to which any person may be entitled, whether as a matter of law, under our bylaws, by agreement, vote of our stockholders or disinterested directors, or otherwise. Except as specifically required by the General Corporation Law of the State of Delaware, as the same exists or may be amended; none of our directors of will be liable to us or our stockholders for monetary damages for breach of his or her fiduciary duty as a director. No amendment to or repeal of this provision of our certificate of incorporation will apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of that director occurring prior to the amendment or repeal.

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Under Section 145 of the Delaware General Corporation Law, we have the power, under certain circumstances, to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of ours, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and judgments against, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, that type of indemnification is against public policy as expressed in the Act and is therefore unenforceable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information as of the date hereof, based on information obtained from the persons named below, with respect to the beneficial ownership of shares of our common stock by (i) each of our directors, (ii) our named executive officer, (iii) each person known by us to be the owner of more than 5% of our outstanding shares of common stock and (iv) all executive officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from the date of this prospectus upon exercise of options, warrants or convertible securities.

Each beneficial owner's percentage ownership is determined by assuming that all options, warrants or convertible securities that are held by that person, but not those held by any other person, and which are exercisable within 60 days of the date of this prospectus have been exercised and converted. This table assumes a base of 23,593,173 shares of common stock outstanding as of the date hereof, before any consideration is given to outstanding options, warrants or convertible securities.

Unless otherwise noted, the address for each of the persons listed below is: c/c 9278 Communications, Inc., 1942 Williamsbridge Road, Bronx, New York 10461.

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NAME OF BENEFICIAL OWNER -----	NUMBER OF SHARES BENEFICIALLY OWNED -----	PERCENTAGE OF CLASS
Sajid Kapadia	12,465,215 (1)	52.1%
Haris Syed	256,000 (2)	1.0%
Hanif Bhagat	0	*
Honest Holdings Inc. 9229 Queens Blvd 17H Rego Park, NY 11374	2,000,000	8.4%
All executive officers and directors as a Group (4 persons)	12,721,215 (1) (2)	53.2%

(1) Represents shares held by NTSE. Does not include warrants to purchase 200,000 shares of our Common Stock currently held by Mr. Kapadia, which expire on June 13, 2010.

(2) Represents shares of common stock held by KAPH Groups, Inc., a company 100% owned by Mr. Syed.

Equals a percentage less than 1% of the outstanding shares of the Company's Stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

In March 2001, Sajid Kapadia, an officer and director of ours, agreed to amend the repayment terms of a \$2.0 million promissory note made to him by us at the time of the merger between iLink Telecom, Inc., our predecessor, and 9278 Distributor Inc., in December 1999. As amended, the terms provide for principal repayments by us of (i) \$1.0 million on March 31, 2002, and (ii) \$1.0 million on December 31, 2002. In consideration for his agreement to extend the payment terms of the note and other consideration, we amended Mr. Kapadia's employment agreement to provide that he will receive an annual bonus equal to five (5%) percent of our gross profit. This bonus compensation may be paid in cash, or with restricted shares of our common stock based upon a price per share 75% of the fair market value of the shares, at Mr. Kapadia's sole discretion. Mr. Kapadia had previously extended the payment terms of this promissory note, in June 2000. At that time, in consideration for his agreement to extend the repayment terms of the note, we issued him a warrant to purchase 200,000 shares of our common stock at an exercise price of \$1.625 per share. The warrant vested immediately as to 100% of the shares of common stock underlying the warrant and is exercisable for ten years from the date of the grant.

In December 1999, iLink Telecom, Inc., our predecessor, agreed to purchase 9278 Distributor Inc., a company controlled by Sajid Kapadia, an officer and director of ours. Mr. Kapadia was not an officer or director of iLink. In connection with that merger, the shareholders of 9278 Distributor were issued an aggregate of 14,900,000 shares of our common stock, as well as a dividend of \$3.0 million, of which \$1.0 million was paid in December 1999 and the balance of \$2.0 million was in the form of a two-year promissory note. Of these shares, 13,205,125 were issued to Mr. Kapadia. In addition to such

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shares, Mr. Kapadia was granted proxies to vote an aggregate of 2,150,000 additional shares of our common stock.

In December 1999, we entered into a sublease agreement with Sajid Kapadia, an officer and director of ours, pursuant to which we sublease the entire premises at 1942 Williamsbridge Road, Bronx, New York as our corporate

offices, at an annual rent of \$63,000. The rental terms of the sublease agreement are substantially the same as the terms under which Mr. Kapadia leases the space.

ITEM 14. CONTROLS AND PROCEDURES.

Based on their evaluation of the Company's disclosure controls and procedures as of a date within 90 days of the filing of this Annual Report on Form 10-K, the Chief Executive Officer and the Principal Accounting Officer have concluded that such controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect such controls subsequent to the date of their evaluation.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

- (a) The following documents are filed as part of this report:
- (1) Financial Statements. See Index to Consolidated Financial Statements in Item 8 hereof.
 - (2) Financial Statement Schedules
None
 - (3) Exhibits.

Exhibit Number -----	Description of Exhibit -----
2.1	Agreement and Plan of Merger, dated December 17, 1999, among iLink Telecom, Inc., 9278 Distributors Acquisition Corp. and 9278 Distributor Inc. (3)
2.2	Agreement and Plan of Merger, dated April 24, 2000, between the Company and 9278 Communications, Inc., a Nevada corporation (5)
2.3	Agreement and Plan of Merger, dated December 8, 2000, among Reliable Networks, Inc., Nasir Ghesani, Reliable Acquisition Corp. and the Company (6)
3.1	Certificate of Incorporation of the Company (5)
3.2	Bylaws of the Company (5)
4.1	Specimen Common Stock Certificate of the Company (2)
4.2	Non-Qualified Stock Option Plan of the Company (4)
4.3	2001 Stock Option Plan of the Company (7)
4.4	Amended and Restated Promissory Note, in the Amount of \$2.0 million, made by the Company to Sajid Kapadia, dated December 10, 1999 (7)

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- 4.4 Promissory Note, in the amount of \$400,000, made by the Company to Nasir Ghesani, dated December 8, 2000 (6)
- 4.4 Promissory Note, in the amount of \$100,000, made by the Company to Nasir Ghesani, dated December 8, 2000 (6)
- Promissory Note, in the amount of \$500,000, made by the Company to Nasir Ghesani, dated December 8, 2000 (6)

- 10.1 Employment Agreement, dated December 10, 1999, between the Company and Sajid Kapadia (4)
- 10.2 Employment Agreement, dated December 8, 2000, between the Company, Reliable Acquisition Corp. and Nasir Ghesani (6)
- 10.3 Amendment, dated March 22, 2000, to Employment Agreement between the Company and Sajid Kapadia (7)
- 21.1 Subsidiaries of the Company (1)
- 99.1 Certificate of 9278 Communications, Inc. CEO pursuant to Sec 906 of the Sarbanes-Oxley Act of 2002
- 99.2 Certificate of 9278 Communications, Inc., CEO and Principal Accounting Officer pursuant to Sec 906 of the Sarbanes-Oxley Act of 2002.
- (1) Filed herewith
- (2) Incorporated by reference from the Company's registration statement on Form SB-2 (Registration No. 333-84845)
- (3) Incorporated by reference from the Company's report on Form 8-K, dated December 10, 1999
- (4) Incorporated by reference from the Company's report on Form 10-KSB for the year ended December 31, 1999
- (5) Incorporated by reference from the Company's report on Form 10-QSB for the three-month period ended March 31, 2000
- (6) Incorporated by reference from the Company's report on Form 8-K, dated December 8, 2000
- (7) Incorporated by reference from the Company's report on Form 10KSB for the year ended December 31, 2000

(b) Reports on Form 8-K. We filed the following Current Reports on Form 8-K during the fiscal year ended December 31, 2002:

None

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SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

9278 COMMUNICATIONS, INC

Date: May 1, 2003

By: /s/ Sajid Kapadia

 Sajid Kapadia, Chairman,
 Chief Operating Officer
 and Director
 (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Sajid Kapadia ----- Sajid Kapadia	Chairman, Chief Executive Officer, (Principal Executive Officer and Director)	May 1, 2003
/s/ Haris Syed ----- Haris Syed	President and Director	May 1, 2003

CERTIFICATION

I, Sajid E. Kapadia, certify that:

I have reviewed this annual report on Form 10-K of 9278 Communications, Inc. (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the a registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect a the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluations, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 1, 2003

/s/ SAJID E. KAPADIA

SAJID E. KAPADIA
CHIEF EXECUTIVE OFFICER

I, Sajid E. Kapadia, certify that:

1. I have reviewed this annual report on Form 10-K of 9278 Communications, Inc. (the "registrant");
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

4. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report

I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- a) designed such disclosure controls and procedures to ensure that material information relating to the a registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect a the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluations, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 1, 2003

/s/ SAJID B. KAPADIA

SAJID B. KAPADIA
CHIEF EXECUTIVE OFFICER AND PRINCIPAL
ACCOUNTING OFFICER

Exhibit 21.1

SUBSIDIARIES OF 9278 COMMUNICATIONS, INC.

9278 Communications, Inc. has the following subsidiaries:

- c iLink Telecom (B.V.I.), Inc., incorporated in Roadtown, British Virgin Islands on July 2, 1999.
- c iLink Telecom (B.C.) Inc., incorporated in Victoria, British Columbia on February 9, 1999; and
- c 9278 Distributors Inc., incorporated in the State of New York on December 7, 1999.
- c Reliable Acquisition Corp., incorporated in the State of New York on September 15, 2000.
- c 9278 Technologies Inc., incorporated in the State of New York on June 6, 2001.
- c 9278 Dot Com, Inc., incorporated in the State of New York on June 8, 2001.

- o E-Store Solutions Inc., incorporated in the State of Delaware on August 13, 2001.
- o 9278 Distributors (Illinois), Inc., incorporated in the State of Illinois on January 23, 2002.
- o 9278 Distributors Maryland, Inc., incorporated in the State of Maryland on June 27, 2002.
- o 9278 Wireless Inc., incorporated in the State of Delaware on July 16, 2002
- o 9278 Distributors Florida, Inc., incorporated in the State of Florida on October 7, 2002.
- o 9278 Distributors North Carolina, Inc., incorporated in the State of North Carolina on October 25, 2002.
- o 9278 Distributors Connecticut, Inc., incorporated in the State of Connecticut on January 2, 2003
- o 9278 Distributors Ohio, Inc., incorporated in the State of Ohio on February 24, 2003
- o 9278 Distributors Ohio, Inc., incorporated in the State of Ohio on February 24, 2003.
- o NTSE Communications Inc., incorporated in the State of Delaware on October 9, 2002.

EXHIBIT 99.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Annual Report on Form 10-K of 9278 Communications, Inc. (the "Company") for the year ended December 31, 2002 (the "Annual Report"), I, Sajid E. Kapadia, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 2003 /s/ Sajid E. Kapadia

 SAJID E. KAPADIA
 Chief Executive Officer

EXHIBIT 99.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Annual Report on Form 10-K of 9278 Communications, Inc. (the "Company") for the year ended December 31, 2002 (the "Annual Report"), I, Sajid E. Kapadia, principal accounting officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: , 2003 /s/ Sajid E. Kapadia

 SAJID E. KAPADIA
 Principal Accounting Officer

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-2

DESCRIPTION: Letter from Dale R. Buys to Mr. Sajid Kapadia, dated April 21, 2003.

STATE OF FLORIDA

COMMISSIONERS:

LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
WALTER D'HAESELEER
DIRECTOR
(850) 413-6600

Public Service Commission

April 21, 2003

Via Certified Mail and Facsimile:
(718) 792-5130

Mr. Sajid Kapadia
Chairman, CEO
9278 Communications, Inc
1942 Williamsbridge Road
Bronx, NY 10461

Re: FL PSC Consumer Complaints - Case Nos. 527036T and 521388T.

Dear Mr. Kapadia:

The Florida Public Service Commission received the enclosed complaints regarding prepaid phone cards. A preliminary investigation indicates that your company may be involved in providing service for the phone cards cited in the complaints.

In Case No. 527036T, the phone card branded as the *Welcome Florida Phonecard* lists NTSE Communications, Inc. as the service provider. According to public records, 9278 Communications, Inc. and NTSE Holding Corp. have entered into a merger agreement. Therefore, it appears that your company may be providing services for the *Welcome Florida Phonecard* under the name NTSE Communications, Inc. The complainant claims that he received only 5 minutes of call time on each card.

In Case No. 521388T, the phone card branded as *La Rendidora* lists Universal Phone, Inc. as the service provider. Our records list Universal Phone Corporation as a certificated company, but the company has stated that they do not provide service for the *La Rendidora* phone card. 9278 Communications, Inc. is listed as the distributor for this phone card. The complainant claims that the maintenance fee of \$0.45 per 20 minutes of call time was not listed on the card.

Mr. Kapadia, please investigate this matter and the issues in the consumer complaints and provide me with a written reply no later than **May 9, 2003**. For the complaint regarding the *La Rendidora* phone card (Case No. 521388T), please provide me with documentation that shows the applicable surcharges are disclosed at the point of sale. Also, if your company is not the service provider for the *La Rendidora* phone card, please provide me with the full company name, mailing address, physical address, and name of a contact person, including a number where they can be

Mr. Sajid Kapadia

Page 2

April 21, 2003

reached, for Universal Phones, Inc. If your company is the service provider for the *Welcome Florida Phonecard*, please provide me with the call detail records, the applicable rate deck, including all surcharges, and any promotional material used to market the *Welcome Florida Phonecard*. If your company is not providing service for the *Welcome Florida Phonecard*, please indicate as such in your reply.

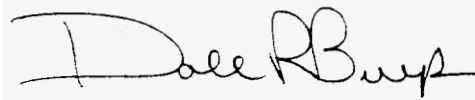
Additionally, if your company is providing prepaid calling services in Florida, it is required to obtain a certificate of public convenience and necessity pursuant to Rule 25-24.910, Florida Administrative Code, Certificate of Public Convenience and Necessity Required, which states:

A company shall not provide PPCS without first obtaining a certificate of public convenience and necessity as a local exchange company, alternative local exchange company, or interexchange company. The name used as the provider of PPCS printed on the prepaid calling card shall appear identical to the name in which the certificate is issued. A "doing business as" name may be used in lieu of the certificated name if it is registered as a fictitious name with the Florida Division of Corporations and reflected on the certificate before the name is used on the card.

If applicable, please file an application with the Florida Public Service Commission to obtain an interexchange company certificate no later than **May 19, 2003**. You can find the necessary information, an application form, and a copy of the Commission's rules on our website, www.floridapsc.com.

Should you have any questions regarding this request, please do not hesitate to contact me to clarify this matter.

Sincerely,



Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Voice: (850) 413-6536

Fax: (850) 413-6537

Email: dbuys@psc.state.fl.us

DRE

Enclosures (2)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address so that we can return the mailpiece to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) E. Date of Delivery

SQUID SIGNATURE

C. Signature

X *SSQ*

Agent

Addressee

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No



- Certified Mail
- Express Mail
- Registered
- Return Receipt for Merchandise
- Insured Mail
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

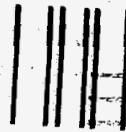
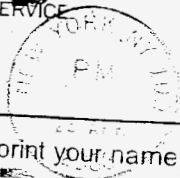
7002 0860 0001 1754 4986

PS Form 3811, March 2001

Domestic Return Receipt

102595-01-M-1424

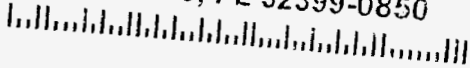
UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Mr. Dale Buys
Florida Public Service Commission
2540 Shumard Oak Blvd,
Tallahassee, FL 32399-0850



PR 29 AM 10:36
DIVISION OF
REGULATIVE
SERVICES

01



DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-3

DESCRIPTION: Letter from Melinda Watts to 9278 Communications, dated May 23, 2003.

STATE OF FLORIDA

COMMISSIONERS:
 LILA A. JABER, CHAIRMAN
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DIVISION OF COMPETITIVE MARKETS &
 ENFORCEMENT
 WALTER D'HAESELEER
 DIRECTOR
 (850) 413-6600

Public Service Commission

May 23, 2003

CERTIFIED

9278 Communications
 1942 Williamsburg Road
 Bronx, NY 10461

Dear Sir or Madam:

The Florida Public Service Commission (Commission) received a complaint (No. 533102T, enclosed) against 9278 Communications on May 14, 2003, from Mr. Tomas Martinez regarding a prepaid calling card issued by 9278 Communications. Mr. Martinez stated that when he dialed the access number, a recording informed him that he had 126 minutes on the card. When he had used 53 minutes during his call, he was interrupted by a recording informing him that he had one minute left on the card. He stated that he only got 54 minutes of call time for the card. He believes that the company's charging practices are fraudulent and that it should issue a \$5.00 refund to him.

Please provide a written response addressing the manner in which 9278 Communications will resolve Mr. Martinez's complaint by June 16, 2003. Mr. Martinez's contact information is listed on the enclosed complaint form.

Further, please provide the following information for each phone call using the Arroz con Pollo Florida pre-paid phone card with PIN number 8213 0483 5224:

1. Date and time of call
2. Point of origin of call (city, state, phone number, pay phone (yes/no))
3. Destination of call (city, state, phone number)
4. Duration of call
5. Additional charges pertaining to the call

In short, provide a complete breakdown of how the account for that PIN went from \$5.00 to \$0.00. Please include a copy of the point-of-sale information supplied with your pre-paid phone cards in Florida, as well as the name of the network company from whom you purchase time. This information should be included in your June 16, 2003, response.

The analyst from the Commission's Division of Consumer Affairs (CAF) forwarded the complaint to the Compliance section of the Division of Competitive Markets & Enforcement. The reason it was forwarded is that, upon investigation of the complaint, CAF discovered that 9278 Communications does not have an interexchange (IXC) certificate to provide telecommunications

9278 Communications

Page 2

May 23, 2003

services in Florida. Rule 25-24.910, Florida Administrative Code (F.A.C.), states that a company shall not provide prepaid calling services (PPCS) without first obtaining a certificate of public convenience and necessity as a local exchange company, alternative local exchange company, or interexchange company (IXC). The name used as the provider of PPCS printed on the prepaid calling card shall appear identical to the name in which the certificate is issued. A "doing business as" name may be used in lieu of the certificated name if it is registered as a fictitious name with the Florida Division of Corporations, and reflected on the certificate before the name is used on the card.

As the provider of PPCS in Florida, 9278 Communications must obtain an IXC certificate from the Commission prior to offering such services to the public. The IXC certificate application package with instructions can be downloaded from the following website:

www.psc.state.fl.us/industry/telecomm/ixc/ixcapp.cfm

Please complete the IXC application package and submit the completed package in accordance with the instructions contained therein by June 16, 2003. Please send a courtesy copy of the application cover letter to me for my records.

Section 364.285, Florida Statutes, provides that the Commission has the power to impose upon any entity subject to its jurisdiction a penalty of not more than \$25,000 for each offense if it is found to have refused to comply with or to have willfully violated any lawful rule or order of the Commission. Each day that such refusal or violation continues constitutes a separate offense.

To summarize, 9278 Communications should provide the following by the dates given:

- Response to the customer complaint - June 16, 2003
- IXC certification application - June 16, 2003

I strongly urge you to provide complete and accurate responses to all requests made in this letter by June 16, 2003. If you have any questions, please contact me at (850) 413-6952.

Sincerely,



Melinda Watts
Bureau of Service Quality

Enclosure

cc: Department of Revenue
Division of Competitive Markets & Enforcement (Gilchrist)

Ref: TMS 153
CATS 533102T

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-4

DESCRIPTION: Webpages from 9278.COM's website regarding prepaid phone cards sold by the company.



[VIEW ACCOUNT](#) [ORDER STATUS](#) [CUSTOMER SERVICE](#) [SIGN UP](#)
[VIEW CART](#) Items: 0 Subtotal: \$0.00

> [FAQ](#)



Look below for answers to frequent questions. If you don't see your issue addressed here, [drop us a line](#) for personalized help.

E-Accounts

- [What's an E-Account?](#)
- [How do I update my password and other E-Account information?](#)
- [Can you tell me my Customer Number?](#)
- [When I attempt to log in to my E-Account, I am prompted back to the log in screen](#)
- [When I try to check my Order Status, the link takes me to E-Account.](#)
- [I forgot my password and/or username, how can I find it?](#)

Phone Cards Ordering and Shopping

- [How do I use my Phone Card?](#)
- [How Many minutes each Denomination provides?](#)
- [How do I obtain support?](#)
- [Can I recharge my Phone Card?](#)
- [How to buy / order a Phone Card?](#)
- [How can I Pay for Phone Card\(s\)?](#)
- [Can I purchase your Phone Cards over the phone?](#)
- [Can I see my Phone Card online?](#)
- [Can I do volume purchases?](#)
- [What is the Return Policy of 9278.com?](#)
- [Can I resell your Phone Cards?](#)
- [Why is my credit card declined / rejected?](#)
- [How long will it take to receive Phone Card?](#)
- [I lost my pin or password. How can I get it back?](#)
- [I have a shared email. Can I use it?](#)
- [When will I receive a bill?](#)
- [When I try to call I get the message: "your call cannot be completed as dialed." Why?](#)
- [I have a balance on my Phone Card. Can I transfer it?](#)
- [In what denominations are Phone Card available?](#)
- [Can I offer your Phone Card as a gift to someone else?](#)

- [Is there a limit to the number of Phone Cards that I can purchase?](#)
- [I am traveling to another country, what should I do?](#)
- [How do I find out my access number & customer service number?](#)
- [Can I safely enter my credit card number on your website?](#)
- [How can I contact you?](#)
- [Can I make local calls with your Phone Card?](#)
- [What if I make a mistake while purchasing?](#)
- [When I purchase a Phone Card, will I get a Phone card in the mail?](#)
- [What is the expiration date of my Phone Card?](#)
- [Do Rates differ depending on the time of the day of the week?](#)
- [If customers have a question that is not listed above, how do I reach Customer Service?](#)

Doing Business with www.9278.com

- [How do I become a distributor of 9278.com?](#)
- [Do you have a retail location?](#)

About Our Site

- [Is your site secure?](#)
- [How do I know that my transaction is secure?](#)
- [How is your site developed?](#)
- [What will my information be used for?](#)
- [How often are the special offers on your site updated?](#)
- [What is a cookie?](#)
- [Does your site use cookies?](#)
- [What if I do not accept the cookie?](#)
- [How can I control which cookies I accept?](#)

What's an E-Account?

E-Accounts make online shopping safe and easy. E-Account is a profile of information about your account that is stored on our secure servers. It can only be accessed by entering your user name and password. An E-Account makes it easy to place orders because it eliminates the need to re-key your shipping, billing, payment and account information each time you place an order. E-Accounts also enable you to check the status of any order you place with www.9278.com, [Click here](#) to create an E-Account.

How do I update my password, and other E-Account information?

[Click here](#) to update your E-Account. Once logged in, click Edit button, make necessary changes about your personal information and click the "Update E-Account button,". This screen will display your new updated information. "Remember your e-mail address and your first and last name cannot be changed.

Can you tell me my Customer Number?

Your e-mail address is your Customer Number.

When I attempt to log on to my E-Account, I am prompted back to the log on screen. This is most likely caused by your browser not being set to receive cookies. You will not be able to log on without accepting a cookie. Check your browser's security settings and enable cookies. If this is not the case, e-mail E-Account@9278.com.

When I try to check my Order Status, the link takes me to E-Account. To protect your privacy, you need to be logged onto your E-Account to check your order status.

I forgot my password and/or username, how can I find it?
To receive your password by e-mail, [click here](#). If you lost your username, e-mail us at E-Account@9278.com

How do I use my Phone Card?
Here are the steps to follow:

1. Dial the toll free/local access number.
2. When prompted, enter your PIN number or authorization code
3. When prompted, dial the destination number: For US calls 1 + Area Code + Number, International calls 011 + Country Code + City Code + Number
4. To place another call, press #.

How many minutes each Denomination provides?

The number of minutes available is determined based on the rate to the country you are calling. Each time you use your Phone Card to place a call, the number of minutes available for that particular call will be calculated and announced to you before the call connects.

How do I obtain support?

Email us at support@9278.com, we will respond to you as soon as possible

Can I recharge my Phone Card?

No, You cannot recharge your Phone Card, you may always purchase another one through our website. When reordering, simply make your purchase selection and enter your Log In information. Your new Phone Card(s) will be issued immediately!

How to buy / order a Phone Card?

Go to www.9278.com, chose a "phone card" and follow the instructions. Phone Card is ordered online on our web page 24hrs a day 7 days a week.

How can I Pay for Phone Card(s)?

We accept VISA and MasterCard only.

Can I purchase my Phone Cards over the phone?

No. You can only purchase the cards on our website. For large quantities contact our sales team or e mail: sales@9278.com.

Can I see my Phone Card(s) online?

Yes. Go to <http://www.9278.com>. Click on "order_status." Enter your "User Name" and password.

Can I do volume purchases?

Contact us at sales@9278.com.

What is the Return Policy?

All Sales are final.

Can I resell your Phone Cards?

Yes. But you cannot make volume purchases on our website. Contact us at sales@9278.com.

Why is my credit card declined / rejected?

We have address verification system in place, if rejected please verify information you entered is correct and it should match with your credit card billing information. If you are declined again, please contact your credit card issuer.

How long will it take to receive Phone Card?

If you are a first time customer we will call and verify your order during normal business hours and once your account is complete than your account will be setup for immediate PIN delivery, all future orders will be sent automatically within seconds.

I lost my password. How can I get it back?

Click "Log In" and Click under E-Account. "Find a lost password" just enter your email address and we will e-mail your password.

I have a shared email. Can I use it?

We do not recommend shared emails. Get your own private email from any of the free e-mails available E.g. Yahoo, Hotmail, & etc.

When will I receive a bill?

This is a prepaid service, you will pay in advance so you will never receive a bill.

When I try to call I get the message: " you call cannot be completed as dial...." Why?

Please follow the exact instructions we emailed you when you purchased your Phone Card. You may have misdialled your destination number. Also be aware that some pay phones and cellular phones have restrictions. Check the number and dial again if the problem persists call the customer service of the service provider of the phone card.

I have a balance on my Phone Card. Can I transfer it?

No. You can't do that at this time. You must use it.

In what denominations is Phone Card available?

For your convenience Phone Cards are available in denominations of \$10, \$20, \$25 and \$50 although it may vary based on the product. All sales are in US Dollars.

Can I offer your Phone Card as a gift to someone else?

No. You cannot do that from 9278.com website. But may purchase it first than forward your phone card or pin to anyone



you choose however, you will always be the original owner of the pin.

Are there a limit to the number of Phone Cards that I can purchase?

You will be able to purchase up to \$100 worth of Phone Cards per month but if you wish to increase your monthly spending limit please call customer service.

I am traveling to another country. What should I do?

Depends, some of our phone card works from many different countries, please check product detail for the product you are interested in "Rates may vary when you call from or access phone cards from different countries". Remember, your phone card can be accessed or used anywhere in US.

How to find out my access number?

When you purchased your phone card, we displayed it on your screen so that you can write it down or print it. In addition, we emailed it to you. You can view it again by clicking on the order status "access number" or browse the product detail to get only your access number.

Can I safely enter my credit card number on your website?

Yes. All online transactions at www.9278.com web site are handled with highest industry-standard SSL encryption as we take the issue of security seriously. Every time you send us your credit card number and your billing and shipping information, We have taken security very seriously and incorporated microsoft SSL (security Socket Layer) into our website that we created. This uses a 128-bit encryption code to ensure the highest level of security. We use the industry-standard Secure Sockets Layer (SSL) technology to prevent the information from being intercepted. Also, your credit card number is encrypted when your order is stored.

How can I contact you?

Email is the primary mean of communication. We strongly recommend that you email us. If [Customer Service](#) questions, FAQ@9278.com, or Support@9278.com.

Can I make local calls with your card?

Yes. However, it might be cheaper to use your local phone company.

What if I make a mistake while purchasing?

Don't worry! If the PIN is not delivered or displayed after the transaction is completed we can change your order. If the PIN is delivered or displayed it means it cannot be returned, exchanged or refunded, as all sales are final at 9278.com.

When I purchase a Phone Card, will I get a phone card in the mail?

As soon as your online transaction is complete, you will be able to view the Toll Free Access number and your PIN number (*) right on the screen or A follow-up email will also be sent to you, so you can save a copy of your Credit Card Transaction and your Phone Card(s). (For your Security, only last 4 digits of your credit card number will be included on the email).

What is the expiration date of my Phone Card?

Every Phone Cards is different please check with service provider of the if not listed on our website. But it is usually expires in 3-6 months after first use.

Do rates differ depending on the time of the day of the week?

No, The Phone Card we carry has 24 Hours a day, 7 days a Week you enjoy same Rates as listed. We strive to maintain up to date information about rates on our website as carriers and service providers reserves the right to change rates any time it is recommended to check with customer service of the service provider of card for up to date rates information.

If customers have a question that is not listed above, how do I reach Customer Service?

If we have missed any questions you might have and couldn't find the answer to your question above please feel free to contact us via email at faq@9278.com and we will research your question and respond promptly. Thank you.

How do I become a distributor of 9278.com?

9278.com is wholly owned subsidiary of 9278 Communications, Inc. 9278.com buys exclusively from 9278 Communications, Inc. if you wish to become a distributor of 9278 Communications [CLICK HERE](#).

Do you have a retail location?

No, 9278.com only sell over the web. But 9278 Communications has six branch. [Click here](#) for locations and maps.

Is your site secure?

Yes. Your personal information is stored safely behind our firewall. All online transactions at www.9278.com web site are handled with highest industry-standard SSL encryption as we take the issue of security seriously. Every time you send us your credit card number and your billing and shipping information, We have taken security very seriously and incorporated Microsoft SSL (security Socket Layer) into our website that we created. This uses a 128-bit encryption code to ensure the highest level of security. We use the industry standard Secure Sockets Layer (SSL) technology to prevent the information from being intercepted. Also, your credit card number is encrypted when your order is stored.

How do I know that my transaction is secure?

We employ the latest 128 bit encryption technology in all areas of the site, which requires you to provide your personal or account information. These include online ordering, order status, catalog requests and most contest forms. This is done to protect you from unauthorized use of the information you are sending to our server. To make sure you have the latest security features on your browser, download and install the latest version of your favorite browser, Microsoft Internet Explorer, or Netscape Communicator.

What will my information be used for?

Personal information given to us for ordering on www.9278.com is not shared with any other entity without your permission. It is used for processing your order and for customizing your experience at www.9278.com

How is your site developed?

Our site is developed by an in-house team of programmers, HTML experts, product specialists, writers, and designers. Full specifications on the hardware and software we use can be found in the [Web site profile](#).

How often are the special offers on your site updated?

Special offers and pricing are updated in real time.

What is a cookie?

A cookie is a very tiny piece of text Web sites place on your computer's hard drive. You can choose whether or not to receive these files by configuring your browser. Ordering online requires you to accept cookies. On most browsers, the default settings enable you to accept cookies, so if you haven't changed your defaults, you most likely don't have to do anything to ensure that your browser accepts cookies. The text in a www.9278.com cookie, by itself, only tells us that you have visited our site before. It does not store any personal information such as your e-mail address, street address, or phone number.

Do you really do use cookies?

Yes. Cookies are required to place orders online.

What if I do not accept the cookie?

If you choose not to accept a cookie you will not be able to purchase any products online, check order status online, or utilize the Personal Alert feature. You can show online, however, and call in your orders without using cookies.

How can I control which cookies I accept?

Your ability to control the cookies you accept depends on the type of browser you are using. If you are using Internet Explorer V4.0, choose View and then Options on your top navigation bar. Once in Options, click the Advanced tab and you will be given the option to check the box titled "Warn before accepting cookies." If you are using Internet Explorer V4.0, choose View and then Internet Options on your top navigation bar. Once in Internet Options, click the Advanced tab and scroll down to the yellow exclamation icon under Security. There you will be given three different options to regulate cookies. If you are using Netscape V3.0, you will need to find the cookie file on your hard drive. Netscape V3.0 groups all cookies into one file on your hard drive. Therefore, to regulate cookies you will need to locate them on your hard drive under the file cookie.txt on Windows Operating Systems or magiccookie on a Macintosh. If you are using Netscape V4.0, choose Edit and then Preferences on your top navigation bar. Once in Preferences, click Advanced located on the tree. This will give you four options to regulate cookies.



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India Yellow No.1



[View Cart](#)



\$5 ✓ \$10 ✓
\$20 ✓ \$50 ✓

Service Provided By

9278 Communications

Access Number

[View Local Access No.](#)

Product Information

The rate will be 6 cents/min higher if you use 800 access numbers.

Best Rates To These Countries (Minutes) Local Access Number

Country	\$5 Card	\$10 Card	\$20 Card	\$50 Card
India	36	80	160	
India-Ahmedabad	45	90	180	
India-Bangalore	60	120	240	
India-Bombay	40	80	160	
India-Calcutta	40	80	160	
India-Hyderabad	80	160	320	
India-Kerala	40	80	160	
India-Madras	40	80	160	
India-Mobile	36	90	180	
India-New Delhi	45	90	180	
India-Pune	40	80	160	
India-Punjab	40	80	160	
India-Tamil	40	80	160	
India-UttarPradesh	40	80	160	

Service Fees

Connection Fee	Monthly Fee	Additional Fee	Rounding Fee
None	49¢ Weekly	49¢ Next Day	1 Minut

Note: Calls made from Alaska & Hawaii might be billed at higher rates.

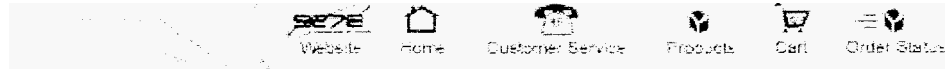
Minute information is based on entire card is used in one call. International calls made to Cellular Phones are billed at higher rates. Prices are subject to change without notice. Please call. Customer service for listing of rates by country.



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India Black No.1



[View Cart](#)

Add To Cart

\$5 ✓ \$10 ✓
\$20 ✓ \$50 ✓

Service Provided By
9278 Communications
Access Number
[View Local Access No.](#)

Product Information

The rate will be 6 cents/min higher if you use 800 access numbers.

Best Rates To These Countries (Minutes) Local Access Number				
Country	\$5 Card	\$10 Card	\$20 Card	\$50 Card
India	45	90	180	360
India-Ahmedabad	50	100	200	400
India-Andra Pradesh	45	90	180	360
India-Bangalore	65	130	260	520
India-Bombay	45	90	180	360
India-Calcutta	45	90	180	360
India-Hyderabad	89	178	356	712
India-Kerala	45	90	180	360
India-Madras	45	90	180	360
India-Mobile	50	100	200	400
India-New Delhi	50	100	200	400
India-Punjab	45	90	180	360
India-Tamil Nadu	45	90	180	360
India-Uttar Pradesh	45	90	180	360

Service Fees			
Connection Fee	Monthly Fee	Additional Fee	Rounding Fee
None	49¢ Weekly	49¢ Next Day	3 Minute

Note: Calls made from Alaska & Hawaii might be higher rates.

Minute information is based on entire card is used in one call. International calls made to Cellular Phones are billed at higher rates. Prices are subject to change without notice. Please call. Customer service for listing of rates by country.



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ScanAlert™



India Orange No.1



[View Cart](#)

Add To Cart

\$5 ✓ \$10 ✓
\$20 ✓ \$50 ✓

Service Provided By

9278 Communications

Access Number

[View Local Access No.](#)

Product Information

The rate will be 6 cents/min higher if you use 800 access numbers.

Best Rates To These Countries (Minutes)
Local Access Number

Country	\$5 Card	\$10 Card	\$20 Card	\$50 Card
India	50	100	200	1000
India-Ahmedabad	54	108	216	1080
India-Bangalore	74	148	296	1480
India-Bombay	50	100	200	1000
India-Calcutta	50	100	200	1000
India-Hyderabad	100	200	400	2000
India-Madras	50	100	200	1000
India-Mobile	54	108	216	1080
India-New Delhi	54	108	216	1080
India-Punjab	50	100	200	1000
India-Tamil Nadu	50	100	200	1000
India-UttarPradesh	50	100	200	1000

Service Fees

Connection Fee	Monthly Fee	Additional Fee	Roundin Fee
None	49¢ Weekly	49¢ Next Day	6 Minute

Note:Calls made from Alaska & Hawaii might be bi higher rates.

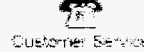
Minute information is based on entire card is used in one call. International calls made to Cellular Phones are billed at higher rates. Prices are subject to change without notice. Please call. Customer service for listing of rates by country.



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India Yellow No.2



[View Cart](#)

Add To Cart

\$5 ✓ \$10 ✓

\$20 ✗ \$50 ✓

Service Provided By

9278 Communications

Access Number

[View Local Access No.](#)

Product Information

\$20 Denomination Not Available.

The rate will be 6 cents/min higher if you use 800 access numbers.

Best Rates To These Countries (Minutes)				
Local Access Number				
Country	\$5 Card	\$10 Card	\$20 Card	\$50 Card
Australia	167	333	667	1
Australia-mobile	25	50	100	:
Canada	167	333	667	1
France	167	333	667	1
France-mobile	25	50	100	:
Germany	167	333	667	1
Germany-mobile	25	50	100	:
India	36	72	144	:
India-Ahmedabad	50	100	200	:
India-AndhraPradesh	50	100	200	:
India-Bangalore	50	100	200	:
India-Bombay	50	100	200	:
India-Calcutta	50	100	200	:
India-Hyderabad	50	100	200	:
India-Kerala	50	100	200	:
India-Madras	50	100	200	:
India-Mobile	36	72	144	:
India-New Delhi	50	100	200	:
India-Punjab	50	100	200	:
India-Tamil Nadu	50	100	200	:
India-Uttar Pradesh	50	100	200	:
UAE	25	50	100	:
UAE-mobile	25	50	100	:
United Kingdom	167	333	667	1
United Kingdom-Mobile	25	50	100	:
USA	167	333	667	1



Service Fees

			Fee
None	None	None	1 Minut

Note: Calls made from Alaska & Hawaii might be bi higher rates.

Minute information is based on entire card is used in one call. International calls made to Cellular Phones are billed higher rates. Prices are subject to change without notice. Please call. Customer service for listing of rates by coun



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9278.com World



[More Details](#)

[View Cart](#)

[Add To Cart](#)

- \$5 ✓
- \$10 ✓
- \$20 ✓
- \$50 ✓

Service Provided By
9278 Communications

Product Information

Buy 6 \$5 cards get 1 \$5 card free
(Offer valid from 4/3/2004 to 4/9/2004)

Best Rates To These Countries (Minutes)

Country	\$5 Card	\$10 Card	\$20 Card	\$50 Card
Afghanistan	8	16	32	
Alaska	95	200	400	1000
Albania	50	100	200	
Algeria	60	120	240	
American Samoa	69	139	279	
Andorra	60	120	240	
Angola	50	100	200	
Anguilla	40	80	160	
Antarctica	100	200	400	1000
		80	160	
Argentina	80	160	320	
Armenia	50	100	200	
Aruba	40	80	160	
Australia	119	239	479	1000
Austria	119	239	479	1000
Azerbaijan	29	59	119	
Bahrain	36	72	144	
Bangladesh	29	59	119	
Barbados	40	80	160	
Belarus	24	48	96	
Belgium	119	239	479	1000
Belize	24	48	96	
Benin	40	80	160	
Bermuda	60	120	240	
Bhutan	29	59	119	
Bolivia	30	60	120	
Bosnia And Herzegovina	29	59	119	
Botswana	60	120	240	

Brazil	74	149	299	
British Virgin Islands	60	120	240	
Brunei Darussalam	50	100	200	
Bulgaria	60	120	240	
Burundi	60	120	240	
Cambodia	20	40	80	
Cameroon	40	80	160	
Canada	142	300	600	1
Cape Verde	29	59	119	
Cayman Islands	40	80	160	
Chile	119	239	479	1
China	100	200	400	1
Island	20	40	80	
Cocos Islands	20	40	80	
Colombia	60	120	240	
Comoros	20	40	80	
Congo	40	80	160	
Cook Islands	6	12	24	
Costa Rica	100	200	400	1
Croatia	74	149	299	
Cuba	5	10	20	
Czech Republic	100	200	400	1
Denmark Copenhagen	119	239	479	1
Dominica	35	71	143	
Dominican Republic	80	160	320	
Ecuador	29	59	119	
Egypt	40	80	160	
El Salvador	45	90	180	
Equatorial Guinea	16	32	64	
Eritrea	20	40	80	
Estonia	100	200	400	
Ethiopia	20	40	80	
Falkland Islands	6	12	24	
Faroe Islands	29	59	119	

Fiji	20	40	80	
Finland	119	239	479	1
France	150	300	600	1
Gabon	50	100	200	
Gambia	50	100	200	
Georgia	60	120	240	
Germany	150	300	600	1
Ghana	74	149	299	
Gibraltar	40	80	160	
Grenada	30	60	120	
Guadeloupe	24	48	96	
Guam	100	200	400	1
Guatemala	45	90	180	
Guinea	60	120	240	
Guyana	24	48	96	
Haiti	40	80	160	
Hawaii	95	200	400	1
Honduras	24	48	96	
Hong Kong	150	300	600	1
Hungary	80	160	320	
Iceland	60	120	240	
India	40	80	160	
Atlantic Ocean-East A	0	2	4	
Inmarsat Indian Ocean A	0	2	4	
Iran	50	100	200	
Iraq	20	40	80	
Ireland	119	239	479	1
Israel	200	400	800	2
Italy	150	300	600	1
Jamaica	68	136	272	
Japan	100	200	400	1
Jordan	50	100	200	
Kazakhstan	60	120	240	
Kenya	40	80	160	
Kiribati	6	12	24	

Korea North	6	12	24	
Korea South	119	239	479	1
Kuwait	60	120	240	
Laos	29	59	119	
Latvia	40	80	160	
Lebanon	60	120	240	
Libya	40	80	160	
Liechtenstein	69	139	279	
Lithuania	40	80	160	
Luxembourg	80	160	320	
Macedonia	24	48	96	
Madagascar	29	59	119	
Malawi	60	120	240	
Malaysia	100	200	400	1
Maldives	11	23	47	
Mali	40	80	160	
Malta	25	50	100	
Mariana Islands	80	160	320	
Marshall Islands	10	20	40	
Martinique	20	40	80	
Mauritania	29	59	119	
Mauritius	24	48	96	
Mexico	80	160	320	
Micronesia	10	20	40	
Moldova	50	100	200	
Monaco	60	120	240	
Mongolia	40	80	160	
Montserrat	24	48	96	
Morocco	34	69	139	
Mozambique	40	80	160	
Myanmar	15	30	60	
Namibia	60	120	240	
Nauru	4	8	16	
Nepal	15	30	60	
Netherlands	119	239	479	
New Caledonia	16	32	64	

New Zealand	119	239	479	1
Nicaragua	29	59	119	
Niger	50	100	200	
Nigeria	40	80	160	
Niue	0	5	11	
North Yemen	16	32	64	
Norway	119	239	479	1
Oman	29	59	119	
Pakistan	29	59	119	
Palau	6	12	24	
Palestine	63	127	255	
Panama	40	80	160	
Papua New Guinea	16	32	64	
Paraguay	29	59	119	
Peru	50	100	200	
Poland	100	200	400	1
Portugal	100	200	400	1
Puerto Rico	119	239	479	1
Qatar	25	50	100	
Reunion Island	16	32	64	
Romania	40	80	160	
Saint Kitts And Nevis	35	71	143	
Saint Lucia	35	71	143	
Saint Vincent				
Samoa	11	23		
San Marino	60	120	240	
Sao Tome And Principe	4	8	16	
Sao Tome And Principe	4	8	16	
Saudi Arabia	32	64	128	
Senegal	40	80	160	
Serbia	29	59	119	
Seychelles	20	40	80	
Sierra Leone	24	48	96	
Singapore	150	300	600	1
Slovakia	60	120	240	

Solomon Islands	4	8	16	
Somalia	10	20	40	
South Africa	74	149	299	
Spain	119	239	479	1
Sri Lanka	25	50	100	
St. Helena	6	12	24	
St. Pierre And Miquelon	29	59	119	
Sudan	24	48	96	
Suriname	15	30	60	
Swaziland	50	100	200	
Sweden	150	300	600	1
Switzerland	119	239	479	1
Syria	20	40	80	
Taiwan	100	200	400	1
Tajikistan	20	40	80	
Tanzania	14	28	56	
Thailand	50	100	200	
Togo	25	50	100	
Tokelau	6	12	24	
Tonga	15	30	60	
Trinidad And Tobago	50	100	200	
Tunisia	24	48	96	
Turkey	34	69	139	
Turkmenistan	25	50	100	
Turks And Caicos Islands	40	80	160	
Tuvalu	5	10	20	
Uganda	50	100	200	
Ukraine	40	80	160	
United Arab Emirates	40	80	160	
United Kingdom	150	300	600	1
Uruguay	29	59	119	
Us Virgin Islands	119	239	479	1
USA	150	316	632	1
Uzbekistan	40	80	160	
Vanuatu	6	12	24	
Vatican City	80	160	320	
Venezuela	50	100	200	

Vietnam	20	40	80
Zambia	60	120	240

Service Fees			
Connection Fee	Monthly Fee	Additional Fee	Roundin Fee
None	49¢ Weekly	49¢ Next Day	4 Minute

Minute information is based on entire card is used in one call. International calls made to Cellular Phones are billed at higher rates. Prices are subject to change without notice. Please call. Customer service for listing of rates by country.



Refer a friend



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©9278 Communications

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-5

DESCRIPTION: Letter from Craig S. Libson to Blanca S. Bayo dated August 14, 2003, whereby 9278 Communications requested deferral of staff's recommendation from the August 19, 2003, Agenda Conference.



ORIGINAL



RECEIVED-FPSC

03 AUG 19 AM 10:47

COMMISSION
CLERK

August 14, 2003

By Fax and FedEx
Ms. Blanca S. Bayo
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: 9278 Communications, Inc. Docket No. 030696-TI
August 19 Conference, Agenda Item 9

Dear Ms. Bayo:

This letter is in furtherance of a telephone conversation I had today with Dale R. Buys regarding the above-referenced matter. I received notification of the proposed action by the Public Service Commission yesterday afternoon from a third party who came across the Memorandum identifying the pending docket item in connection with an unrelated matter. I had a brief conversation with Mr. Buys this afternoon during which I attempted to clarify some of the factual items set forth in the Memorandum, but I did not have an opportunity to review all of the issues addressed, nor to investigate the factual background in order to have a complete and thorough substantive conversation with Mr. Buys. Although I believe I clarified some items for him and I hope I conveyed my willingness and intention to promptly and fully address each issue raised in the Memorandum.

I recently joined 9278 Communications as General Counsel to expand the management team to address all corporate and regulatory issues. Unfortunately, perhaps as a result of the lack of a predecessor, some communications, such as those identified in the Memorandum, may have been misplaced or misdirected. I am undertaking to compile a complete file. In addition, 9278 Communications and its affiliates have outside telecommunications counsel which I understand has filed, on a nationwide basis, filings necessary for compliance with state and federal requirements. I have undertaken to obtain a report of these filings vis-à-vis Florida with respect to those filed and those in progress.

On behalf of 9278 Communications and its affiliates, I respectfully request a deferral of Agenda Item 9 on the August 19, 2003 Conference Agenda (Docket 030696-TI) in order to permit me to fully investigate the facts and circumstances and to prepare a complete and accurate report and response to the Commission. 9278 Communications intends to cooperate with the Commission to ensure that all items set forth in the

- AUS _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC _____
- OTH _____

sent to
Hong.

DOCUMENT NUMBER - DATE

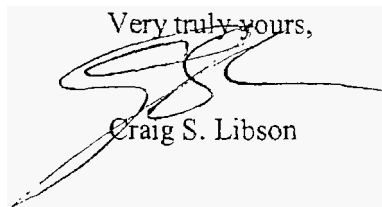
07649 AUG 19 03

FPSC-COMMISSION CLERK

Memorandum are adequately addressed to the Commission's satisfaction and that operations going forward are similarly in compliance.

Please feel free to call me with any questions you may have with respect to foregoing.

Very truly yours,

A handwritten signature in black ink, appearing to read 'C. Libson', is written over a light gray rectangular background.

Craig S. Libson

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-6

DESCRIPTION: Email from Craig S. Libson to Dale Buys and Jason Rojas, dated September 24, 2003, regarding 9278 Communications position as to whether the company is providing telecommunications services in Florida.

Dale Buys

From: Craig [craig@9278.com]
Sent: Wednesday, September 24, 2003 11:30 AM
To: 'Dale Buys'; 'Jason Rojas'
Subject: 9278 Communications

Gentlemen:

As I discussed with Jason, it is my belief that 9278 Communications is not a "provider of prepaid calling services" as contemplated by Part XVI of the Florida PSC Rules and is not required to register or file tariffs under such rules. As I indicated in our conversation, such services are provided by third party telecommunications carriers and the cards are distributed by 9278 Communications. Apparently, a small percentage of cards distributed by 9278 Communications erroneously indicated that 9278 Communications was the service provider, rather than identifying the carrier. We have undertaken steps to correct those errors and to ensure that accurate disclosure of the carrier is made on all future cards distributed by 9278 Communications.

With respect to cards distributed in Florida, 9278 Communications currently distributes 38 varieties of cards. Of these, six had the erroneous disclosure of 9278 as the service provider. These 38 cards utilize telecommunications services provided by five separate carriers, namely MCI, Sakon, Primus Telecommunications, Orbitel Telecommunications Group, and IBGH Communications.

9278 Communications Inc. is a Delaware corporation with subsidiary corporations in a variety of states which distribute cards within their state of incorporation. In Florida, 9278 Distributors Florida, Inc., a Florida corporation, distributes all cards bearing the 9278 Communications logo (including 9278.com). Because certain brand names sold in Florida are also used in other states (e.g., Go Florida is marketed in Florida, whereas Go New York is marketed in New York through another subsidiary), the card indicates the name 9278 Communications as the distributor for consistency sake, rather than the specific local subsidiary.

IBGH Communications LLC, one of the carriers, is owned in part by the stockholder of 9278 Communications. There is no parent-subsiary relationship between the companies, nor is their financial information consolidated or reported together in any way. The companies operate separately, although due to the overlap in ownership, management of 9278 takes an active role in consulting with IBGH management as to strategic decisions at IBGH and 9278 provides personnel support from time to time. To help establish IBGH's facilities, 9278 provided certain loans to IBGH in exchange for preferential use of IBGH's telecommunications platform. It is my understanding that IBGH is in the process of filing its registration materials with the State of Florida (which should be completed with the next 7-10 days), and that the Florida PSC has sent IBGH notice of a proposed action. IBGH will be responding separately to that.

In light of the foregoing, it is my understanding and belief that registration is not required of 9278 Communications. I am responding, as agreed, to the other issues we discussed in our formal settlement proposal, and would like to include an appropriate response to the registration issue in line with this conclusion. Please call me at your convenience to discuss your opinion on this.

Thanks

Craig S. Libson
9278 Communications, Inc.
1942 Williamsbridge Road
Bronx, NY 10461
tel: (718) 887-9278 x103
fax: (718) 887-2035

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-7

DESCRIPTION: Letter from Dale R. Buys to Craig Libson dated September 29, 2003, requesting information regarding the relationship between IBGH Communications and 9278 Communications.

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 29, 2003

Via U.S. Mail and Facsimile:
(718) 887-2035

Mr. Craig Libson
9278 Communications, Inc.
1942 Williamsbridge Road
Bronx, NY 10461

Re: Docket No. 030696-TI

Dear Mr. Libson:

Upon review of the letter you sent via email on September 24, 2003 (copy enclosed), staff has additional questions regarding the telecommunications services utilized by 9278 Communications, Inc. (9278) for its prepaid calling cards. To help staff better understand the issues cited in your letter, please provide the following:

1. The mailing address, physical address, telephone number, and name of the contact person for IBGH Communications, LLC (IBGH).
2. A copy of the promissory note executed between 9278 and IBGH in which 9278 provided funds to IBGH in return for use of IBGH's network facilities.
3. A copy of any contract, agreement, or other similar documentation that delineates, lists, or addresses the carrier services or PIN accounts 9278 purchases from IBGH.
4. A detailed explanation of the extent of 9278's participation in the creation and establishment of the prepaid calling card platform used by IBGH to provide carrier services to 9278. Explain which company, 9278 or IBGH, sets the rates, surcharges, and other fees for the Arroz Con Pollo prepaid phone card.
5. Which company pays the Federal Excise Tax on the services provided for the Arroz Con Pollo prepaid phone card; 9278 or IBGH?

Please provide staff with the requested information by **October 6, 2003**. Please note that you may request confidential treatment for any information provided

Mr. Craig Libson
Page 2
September 29, 2003

Should you have any questions regarding this request please call me.

Sincerely,



Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Voice: (850) 413-6536

Fax: (850) 413-6537

Email: dbuys@psc.state.fl.us

Enclosure (1)

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-8

DESCRIPTION: Email from Craig Libson to Dale Buys and Jason Rojas dated October 3, 2003, advising that information would be forthcoming.

Dale Buys

From: Craig [Craig@9278.com]
Sent: Friday, October 03, 2003 3:14 PM
To: Craig; Dale Buys; Jason Rojas
Cc: vish@ibgh.net
Subject: RE: 9278 Communications

Dale-

I was out of town since Tuesday and received your fax when I arrived back in the office this morning. I will be able to compile and send you the documents and information you requested. However, Vish Trichur, President of IBGH Communications, is not available. I also understand IBGH has retained counsel to ensure its compliance with state and federal regulations and I would want to coordinate with that counsel as well. As such, I will be unable to provide you the information and documentation on the timeframe you requested. I hope that if I am able to get the requested documents and information to you by next Friday it will be acceptable. Please confirm that for me.

Thanks

Craig

Craig S. Libson
9278 Communications, Inc.
1942 Williamsbridge Road
Bronx, NY 10461
tel: (718) 887-9278 x103
fax: (718) 887-2035

-----Original Message-----

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Subject: 9278 Communications

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Florida, whereas Go New York is marketed in New York through another subsidiary), the card indicates the name 9278 Communications as the distributor for consistency sake, rather than the specific local subsidiary.

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Thanks

Craig S. Libson
9278 Communications, Inc.
1942 Williamsbridge Road
Bronx, NY 10461
tel: (718) 887-9278 x103
fax: (718) 887-2035

DOCKET NO. 030696-TI

**DOCKET TITLE: Compliance Investigation of 9278
Communications, Inc. for apparent violation of Sections
364.02 and 364.04, Florida Statutes.**

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-9

**DESCRIPTION: 1. Table DRB-9, Listing Consumer
Complaints and Phone Cards
2. Copies of Consumer Complaints
Request Nos.: 527036T
533102T
536666T
540752T
554677T
576469T
589021T
601052T
602714T**

DIRECT TESTIMONY EXHIBIT DRB-9
 CONSUMER COMPLAINT / PHONE CARD LISTING

TABLE DRB-9

Complaint Request No.	Date Received	Phone Card Brand	Service Provider Listed on Phone Card	PIN listed on Phone Card	Access Number	Customer Service Number
527036T	April 10, 2003	Welcome Florida	NTSE Communications, Inc.	4530 7335 1244	1-877-709-4129	1-877-709-4131
533102T	May 14, 2003	Arroz Con Pollo Florida	9278 Communications	8213 0483 5224	1-866-692-1409	Indiscernible
536666T	June 3, 2003	Arroz Con Pollo Florida	9278 Communications	7026 7454 7478	1-866-692-1409	1-866-836-5646
540752T	June 25, 2003	Arroz Con Pollo Florida	9278 Communications	5432 4302 3455	1-866-692-1409	Indiscernible
554677T	September 4, 2003	ABC Florida	9278 Communications	9805 6564 1944	1-866-692-1411	1-866-836-5646
		Arroz Con Pollo Florida	None listed	2865 5939 5888	1-866-692-1409	1-866-836-5646
		X Phone Card Miami	9278 Communications	6390 2510 5091	1-866-617-1890	1-866-617-1891
				5089 4345 6222	1-866-617-1890	1-866-617-1891
				1488 2223 2859	1-866-617-1890	1-866-617-1891
				1860 6560 4739	1-866-617-1890	1-866-617-1891
8545 5372 9675	1-866-617-1890			1-866-617-1891		
2891 5867 4432	1-866-617-1890	1-866-617-1891				
9387 6914 6612	1-866-617-1890	1-866-617-1891				
576469T	January 5, 2004	Arroz Con Pollo Florida	None listed	7794 4523 1326	1-866-692-1409	1-866-836-5646
589021T	March 18, 2004 / Purchased 01/15/2004	Arroz Con Pollo Florida Miami	None listed	Indiscernible	1-866-692-1409	1-866-836-5646
601052T	June 2, 2004	Arroz Con Pollo Miami	IBGH	2020 5899 5527	1-800-951-0298	1-800-299-2294
602714T	June 11, 2004	Arroz Con Pollo Florida	9278 Communications	1671 0837 7032	1-866-692-1409	1-866-836-5646
						1-866-836-5646

Request No. 527036T

Name DELGADO , CONARADO

Business Name

Consumer Information

Name: CONARADO DELGADO

Business Name:

Svc Address: 955 S.W. 2ND AVE.
1501

County: Dade Phone: (305)-285-8972

City/Zip: Miami / 33130-

Account Number:

Caller's Name: CONARADO DELGADO

Mailing Address: 955 S.W. 2ND AVE.
1501

City/Zip: Miami , FL 33130-

Can Be Reached:

E-Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company:

Attn.

Response Needed From Company? N

Date Due: 09/02/2003

Fax: R

Interim Report Received: / /

Reply Received: 09/29/2003

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: PW

Date: 04/10/2003

Time: 09:03

Via: PHONE

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 0.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 10/08/2003

Closeout Type: TS-47

Apparent Rule Violation: Y

enclose type - Prepaid Calling Card

request customer send in a copy of the front and back of the card. Done

when did you purchase the card? 2 cards at \$10.00 each.

where did you purchase the card? gas station

what was the cost of the card? \$10.00

how many minutes were on the card? 5 min

Other Comments: Customer states that he can't find a calling card that promises what they say in terms of min

Request No. 527036T

Name DELGADO , CONARADO

Business Name

PAGE NO: 1

Docket No. 030696-T1
Exhibit No. DRB-9
Page 2 of 75

per dollars. Customer states that on the card involved in this case he got 3 min for \$10.00.

Please investigate this matter, contact the customer, and provide a detailed written report to the Florida Public Service Commission by the due date.

Case taken by P. Walker
Send Response to
Fax number 850-413-7168
E-mail : PSCREPLY@PSC.STATE.FL.US

04/14/2003 NTSE Communications, Inc. is not found in the Master Commission Directory. Forwarding to technical for review. ACalhoun

04/17/2003 Case reassigned to the Division of Competitive Markets & Enforcement. P.Lowery

04/18/03: Letter drafted to send to 9278 Communications, Inc. The company has recently merged with NTSE Holding Corp. A reply to staff's inquiry is due on May 9, 2003. A letter was drafted to send to customer informing him of the change in staff handling his complaint. drbuys.

06/02/2003: Staff is awaiting direction from management as to what action to take next due to the change in law affecting intrastate IXCs. drbuys

07/18/03: Case faxed to 9278 Communications % Craig Libson @ (718) 887-2035. Please investigate the consumer's complaint, contact the consumer and provide staff with a written report that includes 1.) confirmation that the consumer was contacted by phone or mail, 2.) the call detail record for the phone card in question, and 3.) 9278's proposed resolution for the complaint. Please provide the written report no later than September 2, 2003. drbuys

08/20/2003: Mr. Libson confirmed via email that he received the fax of the complaints. His email also stated he would call tomorrow to discuss a timetable. drbuys

08/26/2003: Staff called Mr. Libson and was informed by the receptionist that Mr. Libson was on vacation until Sept. 2, 2003. drbuys

09/04/2003: Staff called Mr. Libson again and left a voice mail message requesting a return call. Staff also sent Mr. Libson an email informing him of the phone call and requesting that he contact staff to establish a time for staff to call. drbuys

09/08/2003: Staff received a phone call from Mr. Libson who said he is in the process establishing a refund process for all phone cards which are the subject of consumer complaints. Mr. Libson agreed to have a

Request No. 527036T Name DELGADO ,CONARADO Business Name _____

Docket No. 030696-T1
Exhibit No. DRB-9
Page 3 of 75

reference call and discuss this matter on 09/10/2003 drbuys

09/29/03: Staff received a cc of a letter sent to the customer from 9278 dated September 24, 2003, whereby the company sent him a replacement prepaid phone card.

10/06/2003: Staff telephoned the customer to confirm that the customer received the letter. Staff left a voice mail requesting that the customer return staff's call. drbuys

10/08/2003: Staff sent the customer a closure letter advising him that it appears the company has resolved his complaint and this case is closed. Case is closed via closure letter to customer. The service provider is not registered nor does it have a tariff on file. drbuys

Request No. 527036T

Name DELGADO , CONARADO

Business Name

Page 4 of 75

Heard, 8 de Marzo de 2003

Felipe:
Estas son la parte trasera de las tarjetas telefonica y el margen es supuesto
normal

DIAL: 1-877-709-4129

Pin # 4530 7335 1244 \$5

To place a call, dial access number. Follow the voice prompts. Then call anywhere in the world 24 hours a day and save.

- For domestic calls 1 + Area Code + number
- For international calls 011 + Country Code + City Code + number

Payphone surcharge will apply. Prices and rates are subject to change without notice. The card does not have a limit on every call. There is no daily maintenance fee will be added the first use. Service powered by NISE Communications, Inc.

For Customer Service dial: 1-877-709-4131

Pin # 4482 6552 5916 \$5

To place a call, dial access number. Follow the voice prompts. Then call anywhere in the world 24 hours a day and save.

- For domestic calls 1 + Area Code + number
- For international calls 011 + Country Code + City Code + number

Payphone surcharge will apply. Prices and rates are subject to change without notice. The card does not have a limit on every call. There is no daily maintenance fee will be added the first use. Service powered by NISE Communications, Inc.

For Customer Service dial: 1-877-709-4131

439285475

439285478

Gracias
Luisito

Case number 526-585C

ORIGINAL

Miami & de la Calle @ del Zoo

Hora Feliza:

*Estas son al frente de las tarjetas.
Toll free cards.*



Conrado Delgado

Case number: 526-585C

ORIGINAL

APR - 9 2003



STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

October 8, 2003

Mr. Conrado Delgado
955 S.W. 2nd Ave.
Miami, FL 33130

Re: Consumer Complaint Request No. 527036T.

Dear Mr. Delgado:

Staff received a duplicate letter (copy enclosed) addressed to you from the company whom you filed the above referenced complaint against, 9278 Communications, Inc. The company's letter states that it enclosed a replacement prepaid phone card. By now, I trust that you have received the company's letter and are satisfied with the company's resolution. As a matter of record, it appears that your complaint has been resolved and staff has closed this case. Should you have any questions, please call me at (850) 413-6536.

Sincerely,

A handwritten signature in black ink that reads "Dale R. Buys".

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Enclosure

Ref: CATS 527036T
TMS 766



September 24, 2003

Dear Conarado,

We have received a copy of your letter to the Florida Public Service Commission relating to the \$5 Welcome Florida phone card purchased by you. We regret that you were not fully satisfied with the telecommunications service you received with that product.

9278 Communications takes great pride in the quality and reliability of its products and strives to achieve 100% consumer satisfaction. 9278 branded phone cards and related products have been recognized as the premiere family of prepaid telecommunications products. We appreciate your taking the time to alert us of your dissatisfaction so that we may take appropriate steps to address your concerns.

Please accept the enclosed replacement card and our apologies for your lack of full satisfaction. We hope your future experiences with 9278 products fully satisfy your standards and ours.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Anthony J. Cancelleri'.

Anthony J. Cancelleri

cc: Bureau of Service Quality
Dale R. Buys

August 18 2003, 11:12 AM

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

**2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850**

TO:

Mr. Craig Libson
9278 Communications, Inc.

(718) 887-2035

FROM:

Dale R. Buys
Division of Competitive Markets & Enforcement

Voice: 850-413-6536

Fax: 850-413-6537

RE:

Consumer Complaints

Notes:

Pursuant to our telephone conversation on Friday, August 15, 2003, I am sending you six consumer complaints the Commission received. Please provide a written response to each of the complaints by September 2, 2003. The reference numbers for the complaints are as follows:

- 521388T - Juan C. Telez
- 527036T - Conrado Delgado
- 533102T - Thomas Martinez
- 536666T - Elisa Betancourt
- 540752T - Jorge Zeledon
- 547142T - Sara Perez

Request No. 533102T

Name MARTINEZ ,TOMAS

Business Name

Consumer Information

Name: TOMAS MARTINEZ
Business Name:
Res Address: 8738 NW 110TH LANE

County: Dade Phone: (305)-556-0298

City/Zip: Hialeah / 33018-

Account Number:

Caller's Name: TOMAS MARTINEZ

Billing Address: 8738 NW 110TH LANE

City/Zip: HIALEAH ,FL 33018-

Can Be Reached: (305)-556-0298

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA
Company: 9278 COMMUNICATIONS
Attn.
Response Needed From Company? Y
Date Due: 09/02/2003
Fax: R

Interim Report Received: / /
Reply Received: / /
Reply Received Timely/Late: L
Informal Conf.: N

PSC Information

Assigned To: MELINDA WATTS
Entered By: NEF
Date: 05/14/2003
Time: 12:28
Via: FAX
Prelim Type: PREPAID CALLING
PO:
Disputed Amt: 5.00
Supmntl Rpt Req'd: / /
Certified Letter Sent: / /
Certified Letter Rec'd: / /
Closed by: DRB
Date: 10/06/2003
Closeout Type: LS-47
Apparent Rule Violation: Y

Please review the attached correspondence in which the customer reports the following:

Product type - Prepaid Calling Card

When did you purchase the card? 5/12/03

Where did you purchase the card? Variety Store in Hialeah Gardens Area

What was the cost of the card? \$5.00

How many minutes were on the card? 126 min. when calling access number

Other Comments: The customer states that he purchased the calling card for \$5.00. The card states that the

Request No. 533102T

Name MARTINEZ ,TOMAS

Business Name

access number is free. When the customer called the access number, a recording identified that the card had 126 minutes calling time. At 53 minutes, a warning stated the caller had 1 minute remaining. The call terminated after 54 minutes. The customer called customer services and was told that the company has to pay a lot of connection charges that are charged against the card. The card states that access is free. The customer believes this is fraudulent and wants a refund for \$5.00 and wants the company held responsible and accountable for their actions.

Please investigate this issue, contact the customer and provide the Commission with a detailed written report that addresses the issues in the correspondence, and confirms the customer has been contacted either by letter or phone.

PLEASE NOTE** The information on this form is only a summary of the customer's concerns. Additional information, important to this matter, may be contained in the correspondence.

Inquiry taken by Neal Forsman

CONTACT NUMBERS

CAF FAX: 850/413-7168

CAF Email: pscreply@psc.state.fl.us

05/16/2003 Unable to locate company 9278 Communications in the Master Commission Directory as a certificated name or as a DBA. Forwarding to CMP for review. ACalhoun

02/20/2003 Case reassigned to the Division of Competitive Markets and Enforcement. P.Lowery

03/31/03 - Case received from CAF. Acknowledgement letter sent to the customer.

05/23/03 - Certified letter sent to the company with a due date of June 16, 2003.

08/18/03: Case faxed to 9278 Communications % Craig Libson @ (718) 887-2035. Please investigate the consumer's complaint, contact the consumer and provide staff with a written report that includes 1.) confirmation that the consumer was contacted by phone or mail, 2.) the call detail record for the phone card in question, and 3.) 9278's proposed resolution for the complaint. Please provide the written report no later than September 2, 2003. drbuys

08/20/2003: Mr. Libson confirmed via email that he received the fax of the complaints. His email also stated he would call tomorrow to discuss a timetable. drbuys

08/26/2003: Staff called Mr. Libson and was informed by the receptionist that Mr. Libson was on vacation

Request No. 533102T

Name MARTINEZ ,TOMAS

Business Name

PAGE NO. 2

Docket No. 030696-11
Exhibit No. DRB-9
Page 41 of 75

011 Sept. 27, 2003. drbuys

9/04/2003: Staff called Mr. Libson again and left a voice mail message requesting a return call. Staff also sent Mr. Libson an email informing him of the phone call and requesting that he contact staff to establish a time for staff to call. drbuys

9/08/2003: Staff received a phone call from Mr. Libson who said he is in the process establishing a refund process for all phone cards which are the subject of consumer complaints. Mr. Libson agreed to have a conference call and discuss this matter on 09/10/2003. drbuys

9/29/03: Staff received a cc of a letter sent to the customer from 9278 dated September 24, 2003, whereby the company sent him a replacement prepaid phone card.

10/06/2003: Staff telephoned the customer and spoke with a female person in the household other than Mr. Martinez who confirmed that he received the replacement phone card and letter. Staff informed the person that if Mr. Martinez has any questions regarding his complaint and the company's resolution to call. This complaint was closed via phone call to the customer. The service provider listed on the card is not registered with the Commission. drbuys

Docket No. 030696-T1
Exhibit No. DRB-9
Page 12 of 75

Account No. 533102T Name MARTINEZ ,TOMAS Business Name _____



September 24, 2003

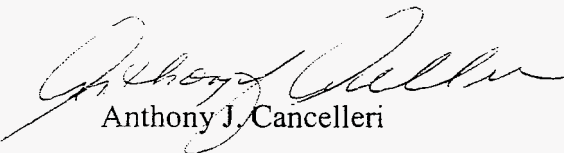
Dear Tomas,

We have received a copy of your letter to the Florida Public Service Commission relating to the \$5 Arroz con Pollo phone card purchased by you. We regret that you were not fully satisfied with the telecommunications service you received with that product.

9278 Communications takes great pride in the quality and reliability of its products and strives to achieve 100% consumer satisfaction. 9278 branded phone cards and related products have been recognized as the premiere family of prepaid telecommunications products. We appreciate your taking the time to alert us of your dissatisfaction so that we may take appropriate steps to address your concerns.

Please accept the enclosed replacement card and our apologies for your lack of full satisfaction. We hope your future experiences with 9278 products fully satisfy your standards and ours.

Very truly yours,



Anthony J. Cancelleri

cc: Bureau of Service Quality
Melinda Watts



NE NO. : 822333E

TO: Florida Public Service
Commission.

AT: MR. N. FORSMAN.

Ref. # 532723-C

FROM: Mr. Tomas Martinez

8738 NW 110 LN.

Hialeah Gardens FL 33018

Ph: 305-556-0298

ORIGINAL
\$5

ARROZ CON
POLLO
FLORIDA

Ningún cargo de servicio mensual se aplicará. Esta tarjeta tiene 3 minutos de redondeo. Esta tarjeta no tiene ningún valor en efectivo y no es reembolsable. No valide su tarjeta si la cobertura está abierta o el Pin está visible. Para fecha de vencimiento: presione *1

www.9276.com



MAY 13 2003

Spanish #
Marque: 1-866-692-1411

English #
Dial: 1-866-692-1408

PIN #

8219 0483 5224

\$5

2. Marque su código secreto y oprima *.
CONDIGO SECRETO
3. Para llamar en USA, Canada, o el Caribe mar-
que el código de área + número de teléfono.
4. Para llamar a cualquier otro país marque:
011 - código del país + código de la ciudad +
número
de teléfono.

2. Enter your PIN number and press *.
3. For domestic calls in the USA, Canada and the
Caribbean dial 1 + area code + telephone number.
4. If calling to any other country, dial:
011 - country code + city code + phone number
To make another call, press *.

El acceso de acceso gratuito está limitado solamente para Florida.
Servicio al Cliente / Customer Service: 1-866-692-1408 Servicio producido by 9276 Communications

po307/AIS-D03

95-417383



Request No. 536666T

Name BETANCOURT ,ELISA MS.

Business Name

Consumer Information

Name: ELISA BETANCOURT

Business Name:

Address: 350 EAST 53RD ST

County: Dade Phone: (305)-557-7379

City/Zip: Hialeah / 33013-

Account Number:

Caller's Name: ELISA BETANCOURT

Mailing Address: 350 EAST 53RD ST.

City/Zip: Hialeah ,FL 33013-

Can Be Reached:

E-Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278 COMMUNICATIONS

Attn.

Response Needed From Company? Y

Date Due: 09/02/2003

Fax:

R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: KD

Date: 06/03/2003

Time: 16:48

Via: PHONE

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 0.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 10/06/2003

Closeout Type: LS-47

Apparent Rule Violation: Y

Card Type - Prepaid Calling Card

When did you purchase the card? 5/25/03

Where did you purchase the card? Gas Station/Citgo/5485 Palm Ave./Hialeah, FL 33013

What was the cost of the card? \$5.00

How many minutes were on the card? 142 minutes

Other Comments: Customer states that she was only given 48 minutes on the card.

Please investigate this matter, contact the customer, and provide a detailed written report to the Florida

Request No. 536666T

Name BETANCOURT ,ELISA MS.

Business Name

PAGE NO: 1

Public Service Commission by the due date.

Case taken by KDodson
Send Response to
Fax number 850-413-7168
Email : PSCREPLY@PSC.STATE.FL.US

7/05/2003 Unable to locate the company in the Master Commission Directory. Forwarding to technical division for review. ACAlbourn

7/17/2003 Case reassigned to the Division of Competitive Markets and Enforcement. P.Lowery

8/18/03 Case faxed to 9278 Communications % Craig Libson @ (718) 887-2035. Please investigate the consumer's complaint, **contact the consumer and provide staff** with a written report that includes 1.) confirmation that the consumer was contacted by phone or mail, 2.) the call detail record for the phone card in question, and 3.) 9278's proposed resolution for the complaint. Please provide the written report no later than September 2, 2003. drbuys

8/20/2003: Mr. Libson confirmed via email that he received the fax of the complaints. His email also stated he would call tomorrow to discuss a timetable. drbuys

8/26/2003: Staff called Mr. Libson and was informed by the receptionist that Mr. Libson was on vacation until Sept. 2, 2003. drbuys

9/04/2003: Staff called Mr. Libson again and left a voice mail message requesting a return call. Staff also sent Mr. Libson an email informing him of the phone call and requesting that he contact staff to establish a time for staff to call. drbuys

9/08/2003: Staff received a phone call from Mr. Libson who said he is in the process establishing a refund process for all phone cards which are the subject of consumer complaints. Mr. Libson agreed to have a reference call and discuss this matter on 09/10/2003. drbuys

9/29/03: Staff received a cc of a letter sent to the customer from 9278 dated September 24, 2003, whereby the company sent her a replacement prepaid phone card.

10/06/2003: Staff telephoned the customer to confirm if she received the company's letter and replacement prepaid phone card. The customer had privacy direct and staff could not leave a message. A closure letter will be sent to the customer. This complaint was closed via closure letter to the customer. The service provider listed on the card is not registered with the Commission. drbuys

Invest. No. 536666T Name BETANCOURT ,ELISA MS. Business Name

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

October 8, 2003

Ms. Elisa Betancourt
350 East 53rd Street
Hialeah, FL 33013

Re: Closure of consumer complaint Request No. 536666T.

Dear Ms. Betancourt:

Staff received a duplicate letter (copy enclosed) addressed to you from the company whom you filed the above referenced complaint against, 9278 Communications, Inc. The company's letter states that it enclosed a replacement prepaid phone card. Staff attempted to call you and confirm your receipt of the company's letter, but was unable to reach you. By now, I trust that you have received the company's letter and are satisfied with the resolution. As a matter of record, it appears that your complaint has been resolved and staff has closed this case. Should you have any questions, please call me at (850) 413-6536.

Sincerely,

A handwritten signature in black ink that reads "Dale R. Buys".

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Enclosure

Ref: CATS 536666T
TMS 761



September 23, 2003

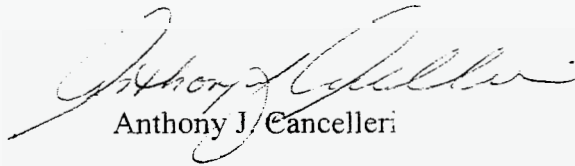
Dear Elisa,

We have received a copy of your letter to the Florida Public Service Commission relating to the \$5 Arroz con Pollo phone card purchased by you. We regret that you were not fully satisfied with the telecommunications service you received with that product.

9278 Communications takes great pride in the quality and reliability of its products and strives to achieve 100% consumer satisfaction. 9278 branded phone cards and related products have been recognized as the premiere family of prepaid telecommunications products. We appreciate your taking the time to alert us of your dissatisfaction so that we may take appropriate steps to address your concerns.

Please accept the enclosed replacement card and our apologies for your lack of full satisfaction. We hope your future experiences with 9278 products fully satisfy your standards and ours.

Very truly yours,



Anthony J. Cancelleri

Request # 5353444
Poa Betancourt
350 E. 53rd St
Miami, FL 33013
305-567-7379

Marques
George Ego Blesher
5485 Kalm Hill
Shawnee, MO

ORIGIN

JUN - 2 2003

El número de acceso gratuito está limitado solamente para Florida.

Servicio al cliente/ Customer service: 1-866-692-1411 Service provided by 878 Communications

0307/AIS-C03 95-263622

7 Marque su código selecto y espere #
 8 Para llamar en USA, Canadá, o el Caribe, dial "que" + código de área + número de teléfono
 9 Para llamar a cualquier otro país, marque 011 + código del país + código de la ciudad + número de teléfono
 10 Para hacer una llamada marítima
 11 Para llamadas en el Caribe, Canadá, y los Estados Unidos, dial "que" + código de área + número de teléfono
 12 Para hacer una llamada marítima
 13 Para llamadas en cualquier otro país, dial 011 + código del país + código de la ciudad + número de teléfono

7 Enter your PIN number and press #
 8 For domestic calls in the USA, Canada, and the Caribbean dial " que " area code + telephone number
 9 For calling to any other country, dial 011 + country code + city code + phone number to make another call press #

Marketeer # 1-866-692-1411 Dial # 1-866-692-1409

Pin # 702674547478

\$5



This Card promised One hour 45 minutes and I was only able to use 45 minutes. I called the # for customer service and I was told that the rest of the minutes were used for some international calls. The credit was paid to be successful.

Thank you for your service.

Request No. 54 T

Name ZELEDON ,JORGE

Business Name

Consumer Information

Name: JORGE ZELEDON

Business Name:

Business Address: 1593 CABOT LANE

#D-3

County: Palm Beach Phone: () -

City/Zip: West Palm Beach / 33414-

Account Number:

Caller's Name: JORGE ZELEDON

Calling Address: 1593 CABOT LANE

#D-3

City/Zip: WEST PALM BEACH ,FL 33414-

Can Be Reached: (561)-541-2031

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278 COMMUNICATIONS

Attn.

Response Needed From Company? Y

Date Due: 09/02/2003

Fax:

R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: DKF

Date: 06/25/2003

Time: 10:50

Via: FAX

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 5.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 10/06/2003

Closeout Type: LS-47

Apparent Rule Violation: Y

Close type - Prepaid Calling Card

How did you purchase the card? June 12, 2003 (927 Communications)

Where did you purchase the card? Gas Station in Wellington

What was the cost of the card? \$5.00

How many minutes were on the card? 927 Communications = 144 minutes , but only 30 minutes available to use.

Other Comments: Customer states he purchased the calling card and the minutes advertised have not been available to use. In addition, he states the customer service number provided is not working.

Request No. 540752T

Name ZELEDON ,JORGE

Business Name

PAGE NO. 1

lease investigate this matter, contact the customer, and provide a detailed written report to the Florida Public Service Commission by the due date.

Case taken by DFalise
and Response to
fax number 850-413-7168
email : PSCREPLY@PSC.STATE.FL.US

6/25/2003 Unable to locate 9278 Communications in the Master Commission Directory. Requesting this case be forwarded to CMP for review. ACalhoun

7/1/2003 Case reassigned to the Division of Competitive Markets and Enforcement. P.Lowery

7/23/2003: Company operating without registration/tariff. Case reassigned to Dale Buys.

7/14/2003: 9278 has been uncooperative on four other complaints. The company has failed to respond to any inquiries propounded by staff. CMP staff is in the process of writing a recommendation regarding the company's failure to address the complaints and file a tariff and register with the Commission. drbuys

7/18/03: Case faxed to 9278 Communications % Craig Libson @ (718) 887-2035. Please investigate the consumer's complaint, contact the consumer and provide staff with a written report that includes 1.) confirmation that the consumer was contacted by phone or mail, 2.) the call detail record for the phone card in question, and 3.) 9278's proposed resolution for the complaint. Please provide the written report no later than September 2, 2003. drbuys

8/20/2003: Mr. Libson confirmed via email that he received the fax of the complaints. His email also stated he would call tomorrow to discuss a timetable. drbuys

8/26/2003: Staff called Mr. Libson and was informed by the receptionist that Mr. Libson was on vacation until Sept. 2, 2003. drbuys

9/04/2003: Staff called Mr. Libson again and left a voice mail message requesting a return call. Staff also sent Mr. Libson an email informing him of the phone call and requesting that he contact staff to establish a time for staff to call. drbuys

9/08/2003: Staff received a phone call from Mr. Libson who said he is in the process establishing a refund process for all phone cards which are the subject of consumer complaints. Mr. Libson agreed to have a conference call and discuss this matter on 09/10/2003. drbuys

Request No. 540752T

Name ZELEDON ,JORGE

Business Name

ACF NO. 2

Docket No. 030696-T1
Exhibit No. DRB-9
Page 21 of 75

0/29/03: Staff received a cc of a letter sent to the customer from 9278 dated September 24, 2003, whereby the company sent him a replacement prepaid phone card.

0/06/2003: Staff telephoned the customer and confirmed he received the letter. The customer was satisfied with the resolution to his complaint. This complaint was closed via phone call to the customer. The service provider listed on the card is not registered with the Commission. drbuys

quest. No.	540752T	Name	ZELEDON, JORGE	Business Name	
DATE REC.					



September 24, 2003

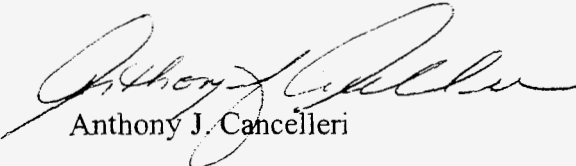
Dear Jorge,

We have received a copy of your letter to the Florida Public Service Commission relating to the \$5 Arroz con Pollo phone card purchased by you. We regret that you were not fully satisfied with the telecommunications service you received with that product.

9278 Communications takes great pride in the quality and reliability of its products and strives to achieve 100% consumer satisfaction. 9278 branded phone cards and related products have been recognized as the premiere family of prepaid telecommunications products. We appreciate your taking the time to alert us of your dissatisfaction so that we may take appropriate steps to address your concerns.

Please accept the enclosed replacement card and our apologies for your lack of full satisfaction. We hope your future experiences with 9278 products fully satisfy your standards and ours.

Very truly yours,



Anthony J. Cancellieri

cc: Bureau of Service Quality
Dale R. Buys

ORIGINAL

Attention : Diana
Ref. # 539268C

ARROZ CON
POLLO
FLORIDA

\$5

Ningún cargo de servicio mensual se aplicará. Esta tarjeta tiene 3 minutos de redondeo. Esta tarjeta no tiene ningún valor en efectivo y no es reembolsable. No valde su tarjeta si la cobertura esta abierta o el Pin esta visible. Para fecha de vencimiento: presione *1

www.9278.com



\$5

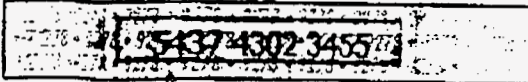
ARROZ CON
POLLO
FLORIDA
PHONE CARD

SIN CARGO DE CONEXION

Spanish #
Marque: 1-866-692-1411

English #
Dial: 1-866-692-1409

Pin #



\$5

2. marque su código de seguridad y oprima #.
CÓDIGO SECRETO
3. Para llamar en USA, Canada, o el Caribe marque el código de área - número de teléfono.
4. Para llamar a cualquier otro país marque: 011 - código del país - código de la ciudad - número de teléfono.

2. Enter your PIN number and press #.
3. For domestic calls in the USA, Canada and the Caribbean dial 1 - area code - telephone number.
4. If calling to any other country, dial: 011 - country code - city code - phone number. To make another call, press #.

El número de acceso gratuito está limitado solamente para Florida.
Service is limited / Outcall service 1-866-692-1411 Service provided by 9278 Communications

po307/AIS-E03

95-664553



\$5

ARROZ CON
POLLO
FLORIDA
PHONE CARD

PHONE CARD

TOLL FREE ACCESS



Request No. 4677T

Name TUPAC ,JULIO

Business Name

Consumer Information

Name: JULIO TUPAC

Business Name:

Svc Address: 825 BRICKELL BAY DRIVE
APT.1150

County: Dade Phone: (305)-375-9129

City/Zip: Miami / 33131-

Account Number:

Caller's Name: JULIO TUPAC

Mailing Address: 825 BRICKELL BAY DRIVE
APT.1150

City/Zip: MIAMI ,FL 33131-

Can Be Reached: (305)-375-9129

E-Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278.COM

Attn.

Response Needed From Company? Y

Date Due: 09/26/2003

Fax:

R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: DKF

Date: 09/04/2003

Time: 09:11

Via: MAIL

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 0.00

Supmntl Rpt Req'd: 01/23/2004

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 09/23/2004

Closeout Type: LS-47

Apparent Rule Violation: Y

Please review the attached correspondence in which the customer reports the following:

Customer reports that he bought multiple \$5.00 and \$10.00 prepaid calling cards and experienced insufficient minutes on each of the cards.

Please investigate this issue, contact the customer and provide the Commission with a detailed written report that addresses the issues in the correspondence, and confirms the customer has been contacted either by letter or phone.

PLEASE NOTE** The information on this form is only a summary of the customer's concerns. Additional information, important to this matter, may be contained in the correspondence.

Inquiry taken by Diana Falise

Request No. 554677T

Name TUPAC ,JULIO

Business Name

CONTACT NUMBERS:

CAF FAX: 850/413-7168

CAF Email:pscreply@psc.state.fl.us

09/04/2003 Cannot locate 9278 in the Master Commission Directory. Requesting complaint be forwarded to CMP for handling. ACalhoun

9/8/2003 Case reassigned to the Division of Competitive Markets and Enforcement. P.Lowery

09/10/2003: Staff faxed a copy of the complaint to Mr. Craig Libson at 9278 Communicaitons, Inc. requesting that the company investigate the complaint and provide staff with a written response no later than September 26, 2003. Staff requested that the report include a call detail summary of the phone cards in the complaint and the company's proposed resolution. drbuys

09/16/2003: The customer sent in additional correspondence and phone cards. Staff telephoned the customer and informed him that Dale Buys (CMP) was assigned to the case. Staff discussed the complaint briefly but the customer had to attend a meeting and will call staff tomorrow. drbuys

09/29/2003: Staff received a letter from 9278 Communications, dated September 24, 2003, indicating that the company sent Mr. Tupac a \$5.00 prepaid phone card as a replacement. drbuys

10/07/2003: Staff called Mr. Tupac who stated that he was not satisfied with the company's resolution to his complaint. First, the card that the company sent, ABC Florida Phone Card, only had \$1.00 value on it. Second, he has 15 cards from 9278 that did not give him the full advertised value. Mr. Tupac is sending the cards to staff via mail. Staff will contact 9278 with the new information when the cards arrive. drbuys.

10/15/2003: Fax sent to 9278, including a copy of the complaint and phone cards. Staff requested that 9278 contact Mr. Tupac and work out a resolution to his complaint, then provide staff with a written report listing the actions taken by 9278 to resolve Mr. Tupac's complaint. The report is due by November 5, 2003. drbuys

11/6/2003: Staff mailed the company a letter via certified mail and facsimile requesting that the company resolve the customer complaint as part of the company's settlement for Docket No. 030696-TI. drbuys

11/26/03: The company has not contacted staff and responded to staff's letter nor the complaint. The complaint will be addressed in staff's recommendation in Docket No. 030696-TI, which is on the December 16, 2003, Agency Conference. drbuys

Request No. 554677T

Name TUPAC ,JULIO

Business Name

5/2004: Legal Counsel for 9278 contacted staff to resolve the issues in the docket. The company will be
led to resolve this complaint as part of the resolution to the docket. drbuys

01/23/2004: Staff telephoned General Counsel at 9278 Communications and informed him that a supplemental
report should be sent to staff addressing the additional concerns of the customer.

Attention 9278 Communications:

Please address the customer's additional issues with the new cards and provide staff with a written report by
February 13, 2004, that confirms the customer has been contacted and lists any actions 9278 Communications has
taken to resolve the customer's complaint.

02/02/2004: The company, through its legal counsel, requested a hearing in the docket in which this complaint
would be addressed.
Therefore, the company has apparently chosen not to respond to this complaint and it will be addressed in
docket no. 030696-TI.

03/09/2004: A hearing date has not been set and legal staff is addressing the company's request on the
issues in Docket No. 030696-TI be referred to an administrative law judge for a decision. drbuys

09/22/2004: Staff sent a closure letter to the customer advising him that his complaint is closed and the
matter will be included in Docket No. 030696-TI and should 9278 Communications choose to settle the docket
the resolution of his complaint would be one of the conditions of settlement. drbuys

Request No. 554677T Name TUPAC, JULIO Business Name

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 22, 2004

Mr. Julio Tupac
825 Brickell Bay Drive Apt. 1150
Miami, FL 33131

Re: Consumer Complaint Request No. 554677T; 9278 Communications.

Dear Mr. Tupac:

The Florida Public Service Commission staff (Staff) has been unable to solicit a reply from 9278 Communications in response to your complaint regarding the services provided through the company's prepaid phone cards branded as *Arroz Con Pollo* and *X Phonecard Miami*. Staff initiated a formal investigation in Docket No. 030696-T1 to address the company's failure to register as an intrastate telecommunications service provider in Florida. For the record, your complaint has been closed and it will be addressed in the formal investigation. Should the company choose to settle the issues cited in the Docket, resolution of your complaint will be included as a condition of settlement. Please contact us if we can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Dale R. Buys".

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536

Fax: (850) 413-6537

Email: dbuys@psc.state.fl.us

TMS # 1624



TO PLACE A CALL FROM ANY TOUCH TONE PHONE

1. Dial 1-866-692-1409 1. Marque: 1-866-692-1411
2. Enter PIN number at prompt 2. Introduzca su número de tarjeta

PIN #

9809 6564 1944

\$5

FOR DOMESTIC CALLS: Dial 1 - Area Code - Number
INTERNATIONAL CALLS: Dial 011 - Country Code - Dis. Code - Number
PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1 - Código de Área - Número
PARA LAS CALAMADAS INTERNACIONALES: Marque 011 - Código de País - Código de la Ciudad - e. Número de Teléfono

Customer Service / Servicio al cliente: 1-866-836-5646



12-663427

Service provided by SETE, a subsidiary of Southern Bell Telephone and Telegraph Company. The card does not have a telephone number. For any questions, please call 1-866-836-5646. For more information, please visit our website at www.sete.com. © 2003 SETE. All rights reserved. Terms and conditions apply.

\$5



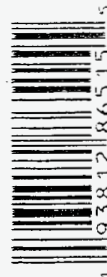
ABC Florida Phone Card

TERMS & CONDITIONS: Maximum minutes quoted based on one call per card. Card may not be used to place 500,700,800, 806, 877, 888, 900 or 976 number calls, or to place certain operator assisted, third party billed, or collect calls. International rates vary and are subject to change. Rates are in US dollars. Cost for calls made from international locations are higher than calls made from the USA. Higher rates may be imposed for calls completed to international wireless receivers or Special Service Country/City codes. Cards are not refundable or exchangeable and have no surrender value. 9278 Distributors does not make any warranty, expressed or implied, regarding the condition(s) or fitness of the services offered for any particular use or purpose. The liability of 9278 Distributors shall be limited to an amount equal to the charge for such service(s). **IN NO EVENT WILL 9278 DISTRIBUTORS, EMPLOYEES OR AGENTS BE LIABLE FOR ANY PUNITIVE, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES YOU ACCEPT THESE TERMS AND CONDITIONS BY USING THIS CARD.** If 9278 Distributors reasonably suspects fraudulent use of this card, it may be suspended or terminated without further notice.

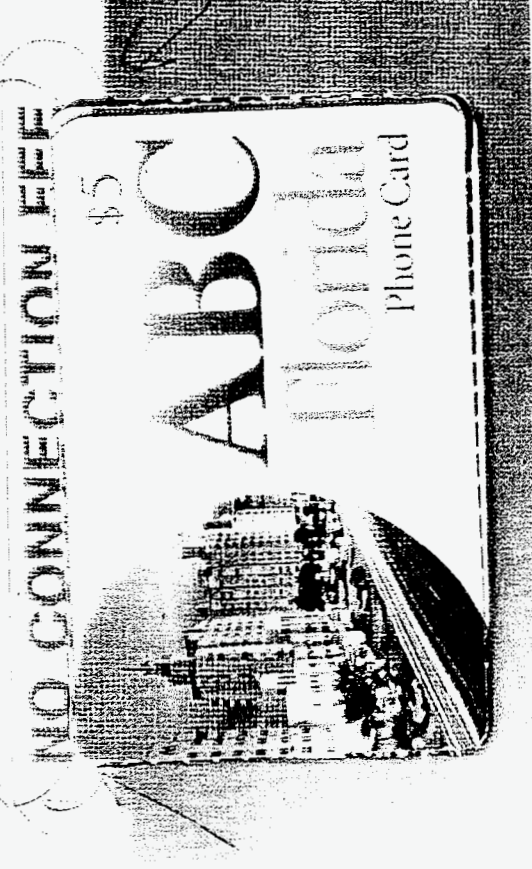
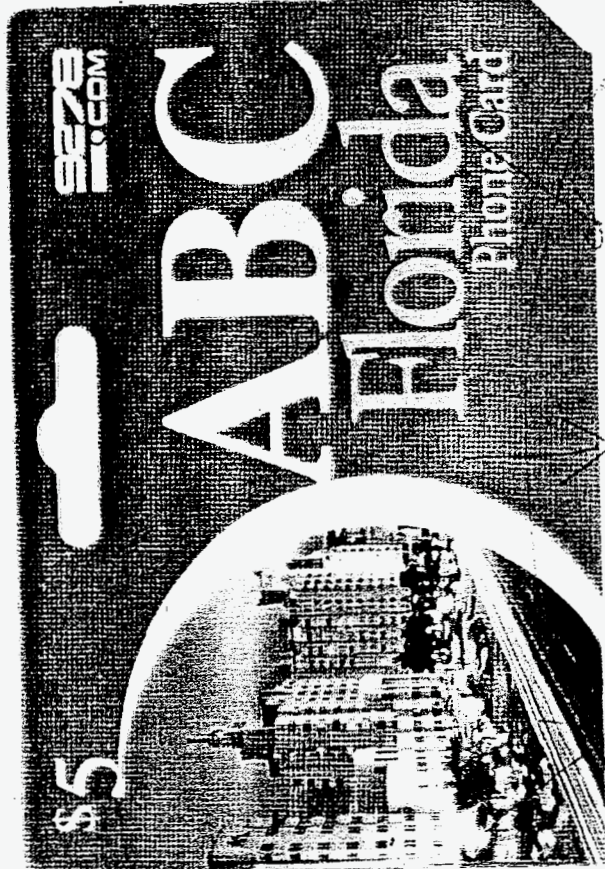
Telecommunications Services provided by 9278 Communications. This card bills in three minute increments on every call. Federal, state and local taxes may apply. US payphone surcharge will apply 9278 Distributors is not responsible for lost or stolen cards. Safeguard your Prepaid Phone Card and PIN number against loss, theft and unauthorized use. Consumers who are unable to resolve complaints with 9278 Distributors have the right to contact the regulatory agency in the state where a phone card was purchased.

Do not accept if PIN is visible.

TOLL FREE ACCESS IS LIMITED TO FLORIDA



1 93812 86515 5



TOLL FREE ACCESS



1-866-692-1411 Toll Free 1-866-692-1409

305-357-3846	Miami	305-357-3678
305-356-6146	North Dade	305-356-6109
786-217-8677	Homesead	786-217-8604
854-342-0707	Hollywood	854-342-0701
854-446-2368	Fort Lauderdale	854-446-2365

Pin # **2865 5939 5888** \$5

1. Marque el código secreto y oprima #
 2. Para llamar en USA y Canadá o el Caribe, marque 1 + código de área + número de teléfono.
 3. Para llamar a cualquier otro país marque: 011 + código del país + código de la ciudad + número de teléfono.
 4. Para hacer otro llamado marcado.
 Servicio al cliente / Customer service: 1-866-636-5648
 BUY ONLINE WWW.5276.COM

1. Enter your PIN Number and press #
 2. For domestic calls, Dial the one the Caribbean and area code + telephone number.
 3. In calling to any other country dial 011 + Country code + City code + telephone number.
 4. To make another call press #

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ARROZ CON POLLO FLORIDA PHONE CARD

ACCESO LOCAL Y 1-800

1-866-692-1411 Toll Free 1-866-692-1409

305-357-3846	Miami	305-357-3678
305-356-6146	North Dade	305-356-6109
786-217-8677	Homesead	786-217-8604
854-342-0707	Hollywood	854-342-0701
854-446-2368	Fort Lauderdale	854-446-2365

Pin # **4979 5820 2413** \$5

1. Marque el código secreto y oprima #
 2. Para llamar en USA y Canadá o el Caribe, marque 1 + código de área + número de teléfono.
 3. Para llamar a cualquier otro país marque: 011 + código del país + código de la ciudad + número de teléfono.
 4. Para hacer otro llamado marcado.
 Servicio al cliente / Customer service: 1-866-636-5648
 BUY ONLINE WWW.5276.COM

1. Enter your PIN Number and press #
 2. For domestic calls, Dial the Caribbean and area code + telephone number.
 3. In calling to any other country dial 011 + Country code + City code + telephone number.
 4. To make another call press #

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ARROZ CON POLLO FLORIDA PHONE CARD

ACCESO LOCAL Y 1-800

1-866-617-1889 1-866-617-1890

6390 2510 509 \$5

1. Enter PIN number at prompt 2. Introduzca su número de línea

FOR DOMESTIC CALLS: Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1 + Código de Área + Número
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Código de País + Código de la ciudad + el Número de Teléfono

Customer Service: Servicio al cliente: 1-866-617-1889
Services provided by SE7E Communications. For more information, go to www.se7e.com

do307/AIS-D03 128-04750

SE7E
COM



PHONECARD
MIAMI TOLL FREE ACCESS

ENGLISH ESPAÑOL

1-866-617-1889 1-866-617-1890

1860 6560 4739 \$5

1. Enter PIN number at prompt 2. Introduzca su número de línea

FOR DOMESTIC CALLS: Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1 + Código de Área + Número
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Código de País + Código de la ciudad + el Número de Teléfono

Customer Service: Servicio al cliente: 1-866-617-1889
Services provided by SE7E Communications. For more information, go to www.se7e.com

do307/AIS-D03 128-04747

SE7E
COM



PHONECARD
MIAMI TOLL FREE ACCESS

ENGLISH ESPAÑOL

1-866-617-1889 1-866-617-1890

9387 6914 6612 \$5

1. Enter PIN number at prompt 2. Introduzca su número de línea

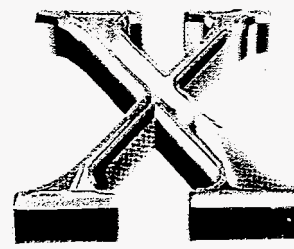
FOR DOMESTIC CALLS: Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1 + Código de Área + Número
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Código de País + Código de la ciudad + el Número de Teléfono

Customer Service: Servicio al cliente: 1-866-617-1889
Services provided by SE7E Communications. For more information, go to www.se7e.com

do307/AIS-D03 128-04746

SE7E
COM



PHONECARD
MIAMI TOLL FREE ACCESS

ENGLISH ESPAÑOL

1-866-617-1889 1-866-617-1890

8545 5372 9675 \$5

1. Enter PIN number at prompt 2. Introduzca su número de línea

FOR DOMESTIC CALLS: Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

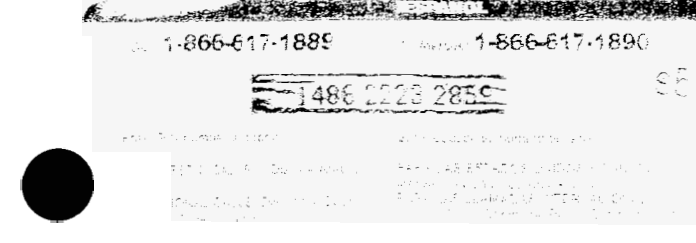
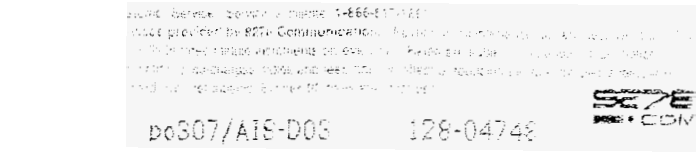
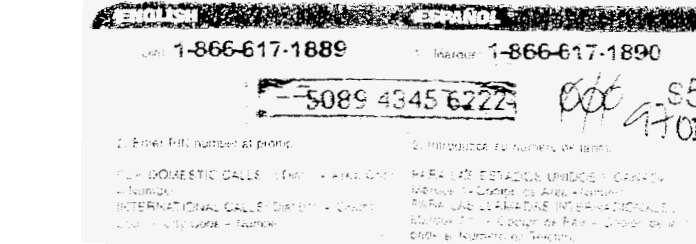
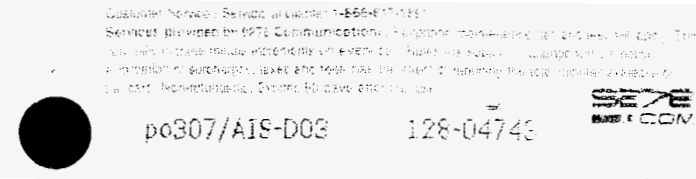
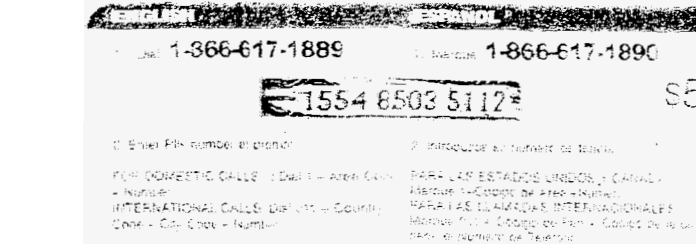
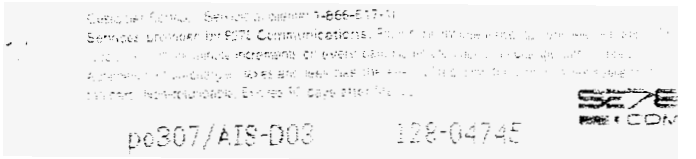
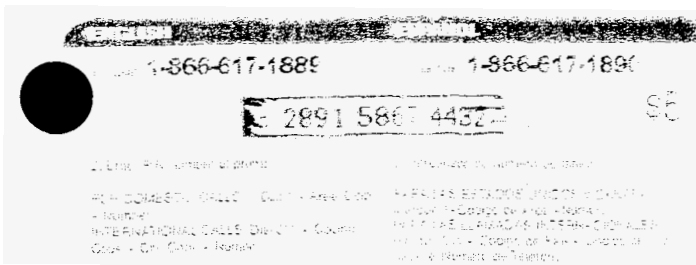
PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1 + Código de Área + Número
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Código de País + Código de la ciudad + el Número de Teléfono

Customer Service: Servicio al cliente: 1-866-617-1889
Services provided by SE7E Communications. For more information, go to www.se7e.com

SE7E
COM



PHONECARD
MIAMI TOLL FREE ACCESS



October 15 2003, 09:52 AM

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

TO:

Mr. Craig Libson
9278 Communications, Inc.

(718) 887-2035

Dale R. Buys
Division of Competitive Services

Voice: (850) 413-6536

Fax: (850) 413-6537

RE:

FL PSC Consumer Complaint
Request No. 554677T, Julio Tupac

Notes:

Mr. Libson,
Mr. Tupac is not satisfied with 9278's resolution to his complaint. According to Mr. Tupac, the phone card he received had a value of \$1. He has 13 phone cards from 9278 that he claims did not give him their full advertised value. I have included a copy of his updated complaint and the phone cards. Please contact Mr. Tupac and work out a resolution to his complaint. Please provide me with a written report by **November 5, 2003**, that denotes the actions taken

Dale R. Buys
Bureau of Service Quality

Case No. 554677T

Name TUPAC ,JULIO

Business Name

Consumer Information

Customer Name: JULIO TUPAC

Address Name:

Address: 825 BRICKELL BAY DRIVE
APT. 1150

City, State, Zip: Miami, FL 33131- Phone: (305)-375-9129

Account Number:

Customer's Name: JULIO TUPAC

Billing Address: 825 BRICKELL BAY DRIVE
APT. 1150

City/State/Zip: MIAMI, FL 33131-

Phone Reached: (305)-375-9129

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA
Company: 9278.COM

Attn.

Response Needed From Company? Y

Date Due: 09/26/2003

Fax:

R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late:

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: DKF

Date: 09/04/2003

Time: 09:11

Via: MAIL

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 0.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by:

Date: / /

Closeout Type:

Apparent Rule Violation: N

Please review the attached correspondence in which the customer reports the following:

Customer reports that he bought multiple \$5.00 and \$10.00 prepaid calling cards and experienced insufficient minutes on each of the cards.

Please investigate this issue, contact the customer and provide the Commission with a detailed written report that addresses the issues in the correspondence, and confirms the customer has been contacted either by letter or phone.

PLEASE NOTE** The information on this form is only a summary of the customer's concerns. Additional information, important to this matter, may be contained in the correspondence.

Inquiry taken by Diana Falise**

Case No. 554677T

Name TUPAC ,JULIO

Business Name

Docket No. 030696-TI
Exhibit No. DRB-9
Page 35 of 75



PAGE NUMBERS:

FAX: 850/413-7168

Email: pscreply@psc.state.fl.us

04/2003 Cannot locate 9278 in the Master Commission Directory. Requesting complaint be forwarded to CMP for filing. ACalhoun

0003 Case reassigned to the Division of Competitive Markets and Enforcement. P.Lowery

09/2003: Staff faxed a copy of the complaint to Mr. Craig Libson at 9278 Communicaitons, Inc. requesting the company investigate the complaint and provide staff with a written response no later than September 30, 2003. Staff requested that the report include a call detail summary of the phone cards in the complaint and the company's proposed resolution. drbuys

06/2003: The customer sent in additional correspondence and phone cards. Staff telephoned the customer and informed him that Dale Buys (CMP) was assigned to the case. Staff discussed the complaint briefly but the customer will attend a meeting and will call staff tomorrow. drbuys

09/2003: Staff received a letter from 9278 Communications, dated September 24, 2003, indicating that the company sent Mr. Tupac a \$5.00 prepaid phone card as a replacement. drbuys

07/2003: Staff called Mr. Tupac who stated that he was not satisfied with the company's resolution to his complaint. First, the card that the company sent, ABC Florida Phone Card, only had \$1.00 value on it. Second, he has 15 cards from 9278 that did not give him the full advertised value. Mr. Tupac is sending the cards to staff via mail. Staff will contact 9278 with the new information when the cards arrive. drbuys.

11/2003: Fax sent to 9278, including a copy of the complaint and phone cards. Staff requested that 9278 contact Mr. Tupac and work out a resolution to his complaint, then provide staff with a written report detailing the actions taken by 9278 to resolve Mr. Tupac's complaint. The report is due by November 5, 2003.

Docket No. 030696-T1
Exhibit No. DRB-9
Page 36 of 75

Case No. 554677T

Name TUPAC ,JULIO

Business Name

TRANSMISSION VERIFICATION REPORT

TIME : 10/15/2003 10:00
NAME : PSC
FAX : 4137077
TEL : 4137077

DATE, TIME	10/15 09:56
FAX NO./NAME	617188872035
DURATION	00:03:52
PAGE(S)	08
RESULT	OK
MODE	STANDARD ECM

Dale Buys

From: Craig [Craig@9278.com]
Sent: Friday, October 03, 2003 3:14 PM
To: Craig; Dale Buys; Jason Rojas
Cc: vish@ibgh.net
Subject: RE: 9278 Communications

Dale-

I was out of town since Tuesday and received your fax when I arrived back in the office this morning. I will be able to compile and send you the documents and information you requested. However, Vish Trichur, President of IBGH Communications, is not available. I also understand IBGH has retained counsel to ensure its compliance with state and federal regulations and I would want to coordinate with that counsel as well. As such, I will be unable to provide you the information and documentation on the timeframe you requested. I hope that if I am able to get the requested documents and information to you by next Friday it will be acceptable. Please confirm that for me.

Thanks

Craig

Craig S. Libson
9278 Communications, Inc.
1942 Williamsbridge Road
Bronx, NY 10461
tel: (718) 887-9278 x103
fax: (718) 887-2035

-----Original Message-----

From: Craig [mailto:craig@9278.com]
Sent: Wednesday, September 24, 2003 11:30 AM
To: 'Dale Buys'; 'Jason Rojas'
Subject: 9278 Communications

Gentlemen:

As I discussed with Jason, it is my belief that 9278 Communications is not a "provider of prepaid calling services" as contemplated by Part XVI of the Florida PSC Rules and is not required to register or file tariffs under such rules. As I indicated in our conversation, such services are provided by third party telecommunications carriers and the cards are distributed by 9278 Communications. Apparently, a small percentage of cards distributed by 9278 Communications erroneously indicated that 9278 Communications was the service provider, rather than identifying the carrier. We have undertaken steps to correct those errors and to ensure that accurate disclosure of the carrier is made on all future cards distributed by 9278 Communications.

With respect to cards distributed in Florida, 9278 Communications currently distributes 38 varieties of cards. Of these, six had the erroneous disclosure of 9278 as the service provider. These 38 cards utilize telecommunications services provided by five separate carriers, namely MCI, Sakon, Primus Telecommunications, Orbitel Telecommunications Group, and IBGH Communications.

9278 Communications Inc. is a Delaware corporation with subsidiary corporations in a variety of states which distribute cards within their state of incorporation. In Florida, 9278 Distributors Florida, Inc., a Florida corporation, distributes all cards bearing the 9278 Communications logo (including 9278.com). Because certain brand names sold in Florida are also used in other states (e.g., Go Florida is marketed

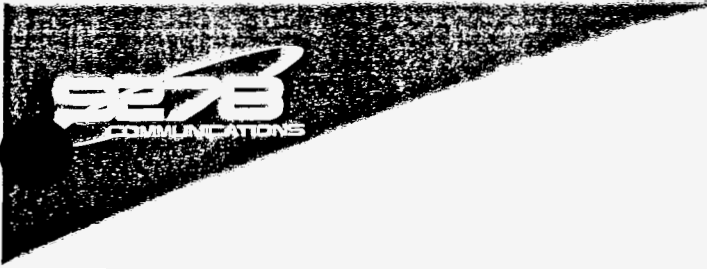
Florida, whereas Go New York is marketed in New York through another subsidiary), the card indicates the name 9278 Communications as the distributor for consistency sake, rather than the specific local subsidiary.

IBGH Communications LLC, one of the carriers, is owned in part by the stockholder of 9278 Communications. There is no parent-subsiary relationship between the companies, nor is their financial information consolidated or reported together in any way. The companies operate separately, although due to the overlap in ownership, management of 9278 takes an active role in consulting with IBGH management as to strategic decisions at IBGH and 9278 provides personnel support from time to time. To help establish IBGH's facilities, 9278 provided certain loans to IBGH in exchange for preferential use of IBGH's telecommunications platform. It is my understanding that IBGH is in the process of filing its registration materials with the State of Florida (which should be completed with the next 7-10 days), and that the Florida PSC has sent IBGH notice of a proposed action. IBGH will be responding separately to that.

In light of the foregoing, it is my understanding and belief that registration is not required of 9278 Communications. I am responding, as agreed, to the other issues we discussed in our formal settlement proposal, and would like to include an appropriate response to the registration issue in line with this conclusion. Please call me at your convenience to discuss your opinion on this.

Thanks

Craig S. Libson
9278 Communications, Inc
1942 Williamsbridge Road
Bronx, NY 10461
tel: (718) 887-9278 x103
fax: (718) 887-2035



September 24, 2003

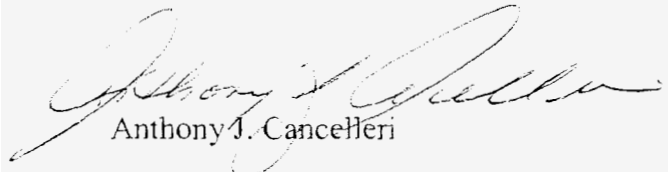
Dear Julio.

We have received a copy of your letter to the Florida Public Service Commission relating to the \$5 Arroz con Pollo and \$5 X Miami phone card purchased by you. We regret that you were not fully satisfied with the telecommunications service you received with that product.

9278 Communications takes great pride in the quality and reliability of its products and strives to achieve 100% consumer satisfaction. 9278 branded phone cards and related products have been recognized as the premiere family of prepaid telecommunications products. We appreciate your taking the time to alert us of your dissatisfaction so that we may take appropriate steps to address your concerns.

Please accept the enclosed replacement card and our apologies for your lack of full satisfaction. We hope your future experiences with 9278 products fully satisfy your standards and ours.

Very truly yours,



Anthony J. Cancelleri

cc: Division of Competitive Markets and Enforcement
P. Lowery



September 11 2003, 08:55 AM

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

TALLAHASSEE, FL 32399-0850

TO:

Mr. Craig Libson
9278 Communications, Inc.

(718) 887-2035

FROM:

Dale R. Buys

Voice: 850-413-6536

Fax: 850-413-6537

RE:

Consumer Complaint Case No.
554677T - Julio Tupac

Notes:

Mr. Libson,
As we discussed in our phone conversation on September 10, 2003, the PSC recently received the attached consumer complaint in addition to the other six consumer complaints I faxed to you on August 18, 2003. Please investigate this complaint and provide staff with a written response to the customer's concerns no later than September 26, 2003. In your response, please include the call detail summary for all the prepaid phone cards in the complaint and 9278's proposed resolution. Please contact me if you have any questions.

Sincerely,

Dale R. Buys
Bureau of Service Quality

TRANSMISSION VERIFICATION REPORT

TIME : 09/11/2008 09:08
NAME : FSC
FAX : 4137077
TEL : 4137077

DATE, TIME
FAX NO. / NAME
DURATION
PAGE(S)
RESULT
MODE

09/11 09:08
617188872038
00:02:38
06
OK
STANDARD
ECM

September 10 2003, 01:24 PM

STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

TALLAHASSEE, FL 32399-0850

TO:

Mr. Craig Libson
9278 Communications, Inc.

(718) 887-2035

FROM:

Dale R. Buys
Division of Competitive Markets & Enforcement

Voice: 850-413-6536

Fax: 850-413-6537

RE:

Consumer Complaint Case No.
554677T - Julio Tupac

Mr. Libson,

We recently received the attached consumer complaint in addition to the other six consumer complaints I faxed to you on August 18, 2003. Please investigate this complaint and provide staff with a written response to the customer's concerns no later than September 26, 2003. In your response, please include the call detail summary for all the prepaid phone cards in the complaint and 9278's proposed resolution. Please contact me if you have any questions.

Sincerely,

Bureau of Service Quality

Case No. 554677T

Name TUPAC, JULIO

Business Name

Consumer Information

Case No: JULIO TUPAC

Company Name:

Address: 825 BRICKELL BAY DRIVE

APT. 1150

Phone: (305)-375-9129

City/Zip: Miami / 33131-

Account Number:

Customer Name: JULIO TUPAC

Address: 825 BRICKELL BAY DRIVE

APT. 1150

City/Zip: MIAMI, FL 33131-

Phone Reached: (305)-375-9129

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278.COM

Attn:

Response Needed From Company? Y

Date Due: 09/25/2003

Fax: R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late:

Informal Conf.: N

PSC Information

Assigned To: CMP

Entered By: DKE

Date: 09/04/2003

Time: 09:11

Via: MAIL

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 0.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by:

Date: / /

Closeout Type:

Apparent Rule Violation: N

Please review the attached correspondence in which the customer reports the following:

Customer reports that he bought multiple \$5.00 and \$10.00 prepaid calling cards and experienced insufficient minutes on each of the cards.

Please investigate this issue, contact the customer and provide the Commission with a detailed written report that addresses the issues in the correspondence, and confirms the customer has been contacted either by letter or phone.

PLEASE NOTE** The information on this form is only a summary of the customer's concerns. Additional information, important to this matter, may be contained in the correspondence.

Inquiry taken by Diana Falise**

Case No. 554677T

Name TUPAC, JULIO

Business Name

ORIGINAL

CF NO. 1

Docket No. 030696-T1
Exhibit No. DRB-9
Page 44 of 75

04/2003 Case reassignment

FAX: 850/413-7168

Email: pscreply@psc.state.fl.us

04/2003 Cannot locate 9278 in the Master Commission Directory Requesting complaint be forwarded to CMP for filing. ACAlhoun

2003 Case reassigned to the Division of Competitive Markets and Enforcement P.Lowery

Case No. 554677T

Name TUPAC, JULIO

Business Name

PAGE NO. 2

ORIGINAL

Paul Lowery

From: Paul Lowery
Sent: Monday, September 08, 2003 3:25 PM
To: Paul Lowery

THIS CASE HAS BEEN REASSIGNED CASE NO.: 554677T FROM CAF

ORIGINAL

Julio Tupac
825 Brickell Bay Dr. Apt. 1150
Miami, FL 33131
August 27, 2003

State Public Service Commission (PSC)
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

State Consumer Services Representative,

SEP 2 - 2003

La Arepa	\$ 225	\$ 200	Not clear	\$ 425
Dolphin Express	\$ 80	\$ 270	Not clear	\$ 350
Others	\$ 90	\$ 10	Not clear	\$ 100
Total				\$ 825

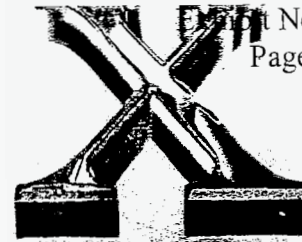
The practice of deceiving customers based on a number of minutes marketing engagement is common. Before it proliferates the PSC ought to correct any misdemeanor prior the problem erodes any further. My address has been listed above if you have any further questions please feel free to contact me.

Thank you and sincerely yours



Julio Tupac

ORIGINAL



PHONECARD
MIAMI

TOLL FREE ACCESS



ORIGINAL

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

1860 6560 4739

\$5

9387 694 6812

\$5

2. Enter PIN number at prompt:

2. Introduzca su numero de tarjeta

2. Enter PIN number at prompt:

2. Introduzca su numero de tarjeta

FOR DOMESTIC CALLS : Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1+Codigo de Area +Numero
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Codigo de Pais + Codigo de la ciudad+ el Numero de Telefonc

FOR DOMESTIC CALLS : Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1+Codigo de Area +Numero
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Codigo de Pais + Codigo de la ciudad+ el Numero de Telefonc

Customer Service / Servicio al cliente: 1-866-617-1891

Services provided by 9276 Communications. Payphone maintenance, tax and fees will apply. This card bills in three minute increments on every call. Rates are subject to change without notice. Application of surcharges, taxes and fees has the effect of reducing the total minutes available on the card. Non-refundable. Expires 90 days after first use.

Customer Service / Servicio al cliente: 1-866-617-1891

Services provided by 9276 Communications. Payphone maintenance, tax and fees will apply. This card bills in three minute increments on every call. Rates are subject to change without notice. Application of surcharges, taxes and fees has the effect of reducing the total minutes available on the card. Non-refundable. Expires 90 days after first use.

po307/AIS-D03

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

6390 2510 5091

\$5

po307/AIS-D03

128-04746

2. Enter PIN number at prompt:

2. Introduzca su numero de tarjeta

FOR DOMESTIC CALLS : Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1+Codigo de Area +Numero
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Codigo de Pais + Codigo de la ciudad+ el Numero de Telefonc

Customer Service / Servicio al cliente: 1-866-617-1891

Services provided by 9276 Communications. Payphone maintenance, tax and fees will apply. This card bills in three minute increments on every call. Rates are subject to change without notice. Application of surcharges, taxes and fees has the effect of reducing the total minutes available on the card. Non-refundable. Expires 90 days after first use.

Customer Service / Servicio al cliente: 1-866-617-1891

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po307/AIS-D03

128-04750

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

5089 4345 6222

Opp \$5 1700

2. Enter PIN number at prompt:

2. Introduzca su numero de tarjeta

po307/AIS-D03

128-04744

FOR DOMESTIC CALLS : Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1+Codigo de Area +Numero
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Codigo de Pais + Codigo de la ciudad+ el Numero de Telefonc

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

1488 2223 2859

\$5

Customer Service / Servicio al cliente: 1-866-617-1891

Services provided by 9276 Communications. Payphone maintenance, tax and fees will apply. This card bills in three minute increments on every call. Rates are subject to change without notice. Application of surcharges, taxes and fees has the effect of reducing the total minutes available on the card. Non-refundable. Expires 90 days after first use.

Customer Service / Servicio al cliente: 1-866-617-1891

Services provided by 9276 Communications. Payphone maintenance, tax and fees will apply. This card bills in three minute increments on every call. Rates are subject to change without notice. Application of surcharges, taxes and fees has the effect of reducing the total minutes available on the card. Non-refundable. Expires 90 days after first use.

po307/AIS-D03

128-04748

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

2891 5867 4432

\$5

po307/AIS-D03

128-04749

2. Enter PIN number at prompt:

2. Introduzca su numero de tarjeta

1. Dial 1-866-617-1889

1. Marque: 1-866-617-1890

1554 8503 5112

\$

FOR DOMESTIC CALLS : Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1+Codigo de Area +Numero
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Codigo de Pais + Codigo de la ciudad+ el Numero de Telefonc

FOR DOMESTIC CALLS : Dial 1 + Area Code + Number
INTERNATIONAL CALLS: Dial 011 + Country Code + City Code + Number

PARA LAS ESTADOS UNIDOS Y CANADA: Marque 1+Codigo de Area +Numero
PARA LAS LLAMADAS INTERNACIONALES: Marque 011 + Codigo de Pais + Codigo de la ciudad+ el Numero de Telefonc

Customer Service / Servicio al cliente: 1-866-617-1891

Services provided by 9276 Communications. Payphone maintenance, tax and fees will apply. This card bills in three minute increments on every call. Rates are subject to change without notice. Application of surcharges, taxes and fees has the effect of reducing the total minutes available on the card. Non-refundable. Expires 90 days after first use.

Customer Service / Servicio al cliente: 1-866-617-1891

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po307/AIS-D03

128-04745

po307/AIS-D03

128-04743

1-866-692-1411 Toll Free 1-866-692-1406

305-357-3846	Miami	305-357-3678
305-356-6144	North Dade	305-356-6109
786-217-8677	Homesstead	786-217-8604
954-342-0707	Hollywood	954-342-0701
954-446-2369	Fort Lauderdale	954-446-2365

Pin # 2865 5939 5888

\$5

- 2. Marque su código secreto y oprime /
- 3. Para llamar en USA, a Canadá o el Caribe, marque 1 + Codigo de area + numero de telefono
- 4. Para llamar a cualquier otro país marque: 011 + Codigo del país + Codigo de la ciudad + Numero de telefono
- 5. Para hacer otra llamada marque /

- 2. Enter your PIN Number and press /
- 3. For domestic calls, Canada and the Caribbean dial 1 + area code + telephone number
- 4. If calling to any other country dial 011 + Country code + City code + telephone number
- 5. To make another call press /

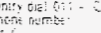
Servicio al cliente / Customer service: 1-866-636-5641
EUY ONLINE WWW.9276.COM



- 2. Marque su código secreto y oprime /
- 3. Para llamar en USA, a Canadá o el Caribe, marque 1 + Codigo de area + numero de telefono
- 4. Para llamar a cualquier otro país marque: 011 + Codigo del país + Codigo de la ciudad + Numero de telefono
- 5. Para hacer otra llamada marque /

- 2. Enter your PIN Number and press /
- 3. For domestic calls, Canada and the Caribbean dial 1 + area code + telephone number
- 4. If calling to any other country dial 011 + Country code + City code + telephone number
- 5. To make another call press /

Servicio al cliente / Customer service: 1-866-636-5641



ORIGINAL

quest. No. 576

Name BARBIERI , JOSEPH MR.

Business Name

Consumer Information

NO: JOSEPH BARBIERI

Business Name:

Address: 6367 WOODLAWN RD.

Utility: Baker Phone: (904)-259-2253

City/Zip: Macclenny / 32063-

Account Number:

Utility Name: JOSEPH BARBIERI

Billing Address: 6367 WOODLAWN RD.

City/Zip: MACCLENNY , FL 32063-

Can Be Reached:

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278 COMMUNICATIONS

Attn:

Response Needed From Company? Y

Date Due: 02/13/2004

Fax: R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: PW

Date: 01/05/2004

Time: 10:12

Via: PHONE

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 10.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 09/23/2004

Closeout Type: LS-47

Apparent Rule Violation: Y

close type - Prepaid Calling Card

most customer send in a copy of the front and back of the card. Done

on did you purchase the card? Gas station

ere did you purchase the card?

at was the cost of the card? 2X\$5.00

ow many minutes were on the card? ?

her Comments: Customer states that he is only getting 4 hours on a 6 hour card. Customer states the name is

quest. No. 576469T

Name BARBIERI , JOSEPH MR.

Business Name

don Pollo Florida phone card. Customer states that he purchased 2 at \$5.00 per cards. Customer is requesting his \$10.00 less the call he made to his sister.

To investigate this matter, contact the customer, and provide a detailed written report to the Florida Public Service Commission by the due date.

Taken by P. Walker0

Written Response to:

II. PSCREPLY@PSC.STATE.FL.US

850-413-7168 or

ALL FPSC-DIVISION OF CONSUMER AFFAIRS

2540 Shumard Oak Boulevard

Tallahassee, FL 32399

To locate company 9278 Communications in Master Commission Directory. Requesting complaint be forwarded technical for review. ACalhoun

2004 Case reassigned to the Division of Competitive Markets and enforcement. P.Lowery

1/2004: Staff telephoned General Counsel at 9278 Communications. Staff faxed a copy of the complaint to Communications at 718-887-2035. The company will be required to resolve this complaint as part of the addition to docket no. 030696-TI. drbuys

Use investigate the customer's complaint and provide the customer with a resolution to his complaint. Use provide staff with a written report by February 13, 2004, that confirms the customer has been contacted. Lists any actions 9278 Communications has taken to resolve the customer's complaint.

02/2004: The company, through its legal counsel, requested a hearing in the docket in which this complaint would be addressed.

Therefore, the company has apparently chosen not to respond to this complaint and it will be addressed in docket no. 030696-TI. drbuys

10/2004: A hearing date has not been set and legal staff is addressing the company's request for the issues in Docket No. 030696-TI be referred to an administrative law judge for a decision. drbuys

2/27/2004: Staff met with legal counsel for 9278 Communications to discuss settlement issues regarding the docket. Staff provided legal counsel with a copy of the complaint and informed legal counsel that in order to settle the matter, the company would have to respond to the customer's complaint and resolve the issues.

Docket No. 576469T

Name BARBIERI, JOSEPH MR.

Business Name



rbuys.
9/23/2004: Staff sent a closure letter to the customer informing her that her complaint would be handled in docket No. 030696-TI and that should 9278 Communications choose to settle the docket, resolution of her complaint would be a condition of settlement. drbuys

Request No 576469T

Name BARBIERI , JOSEPH MR.

Business Name

AGE NO: 3

STATE OF FLORIDA



COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 22, 2004

Mr. Joseph Barbieri
6367 Woodlawn Road
MacClenny, FL 32063

Re: Consumer Complaint Request No. 576469T; 9278 Communications.

Dear Mr. Barbieri:

The Florida Public Service Commission staff (Staff) has been unable to solicit a reply from 9278 Communications in response to your complaint regarding the services provided through the company's prepaid phone card branded as *Arroz Con Pollo*. Staff initiated a formal investigation in Docket No. 030696-TI to address the company's failure to register as an Intrastate telecommunications service provider in Florida. For the record, your complaint has been closed and it will be addressed in the formal investigation. Should the company choose to settle the issues cited in the Docket, resolution of your complaint will be included as a condition of settlement. Please contact us if we can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Dale R. Buys".

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536

Fax: (850) 413-6537

Email: dbuys@psc.state.fl.us

TMS # 1629

Dale Buys

From: Diana Falise
Sent: Thursday, January 15, 2004 1:50 PM
To: Dale Buys
Subject: 576469T

Dale

Mr. Joseph Barbieri called to provide more information on his complaint. He states the calling card was bought at the following:
The Caribbean American Food Market, Caribe Breeze
7244 Blanding Blvd.
Jax, FL 32244
904-908-5554
Fax: 904-908-8875

Distributor: Alex 787-550-4471

Let me know if you have any questions,
Diana Falise
CAF

quest No. 5890

Name FLEMING ,LIGIA MS.

Business Name

Consumer Information

Re: LIGIA FLEMING

Business Name:

Address: 1814 SW 18TH TER.

City: Lee Phone: (239)-283-4336

City/Zip: Cape Coral / 33991-

Account Number:

Client's Name: LIGIA FLEMING

Billing Address: 1814 SW 18TH TER.

City/Zip: CAPE CORAL ,FL 33991-

Phone Reached: (239)-634-8030

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278.COM

Attn.

Response Needed From Company? Y

Date Due: 04/08/2004

Fax: R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: NEF

Date: 03/18/2004

Time: 08:21

Via: FAX

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 10.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 09/23/2004

Closeout Type: LS-47

Apparent Rule Violation: Y

case review the attached correspondence in which the customer reports the following:

close type - Prepaid Calling Card

on did you purchase the card? January 15, 2004

ere did you purchase the card? DeBonos Santa Barbara Blvd,Cape Coral, FL

ab was the cost of the card? \$10.00

ow many minutes were on the card? No minutes stated on card

ther Comments: The customer states that she purchased a prepaid calling card for \$10.00 at the above

quest No. 589021T

Name FLEMING ,LIGIA MS.

Business Name

ation. On 1/2/04, the card had 142 minutes available. The customer did not use the card until 2/29/04, which time the card had no minutes and no dollars available for use. The customer wants reimbursement for the disputed amount.

Consumer Complaint Rule 25-22.032, please use the following procedures when responding to PSC complaints.

Complaint resolution should be provided to the customer via direct contact with the customer, either verbally or in writing, within 15 working days after the complaint has been sent to the company.

A response to the PSC is due by 5:00 p.m. Eastern time, of the 15th working day after the complaint has been sent to the company.

The response should include the following:

- a. the cause of the problem
- b. actions taken to resolve the customer's complaint
- c. the company's proposed resolution to the complaint
- d. answers to any questions raised by staff in the complaint

Send your written response to the PSC, and copies of all correspondence with the customer to the following e-mail, fax or physical addresses:

Mail: pscreply@psc.state.fl.us
 Tel: 850-413-7168
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399-0850

Case taken by Neal Forsman

1/18/2004 Cannot locate 9278.com in the Master Commission Directory. Forwarding for review. ACalhoun

2004 Case reassigned to the Division of competitive Markets and Enforcement. P.Lowery

2/7/04: Company 9278.com, is in litigation with the Commission regarding provisioning of pre-paid services. The Docket number is 030696-TI. The company has requested a hearing. Customer notified to wait for a determination by the Commission.

2/23/2004: Letter sent to customer advising her that the Commission will require the company to resolve her complaint should a settlement be reached. drbuys

2/10/2004: A hearing date has not been set and legal staff is addressing the company's request for the

Request No. 589021T	Name FLEMING ,LIGIA MS.	Business Name
---------------------	-------------------------	---------------

Docket No. 030696-TI
 Exhibit No. DRB-9
 Page 57 of 75

issues in Docket No. 030696-TI be referred to an administrative law judge for a decision. drbuys

1/27/2004: Staff met with legal counsel for 9278 Communications to discuss settlement issues regarding the docket. Staff provided legal counsel with a copy of the complaint and informed legal counsel that in order to settle the matter, the company would have to respond to the customer's complaint and resolve the issues. drbuys.

1/23/2004: Staff sent a closure letter to the customer informing her that her complaint would be handled in docket No. 030696-TI and that should 9278 Communications choose to settle the docket, resolution of her complaint would be a condition of settlement. drbuys

Case No. 589021T Name FLEMING ,LIGIA MS. Business Name _____

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 22, 2004

Ms. Ligia Fleming
1814 S.W. 18th Street
Cape Coral, FL 33991

Re: Consumer Complaint Request No. 589021T; 9278 Communications.

Dear Ms. Fleming:

The Florida Public Service Commission staff (Staff) has been unable to solicit a reply from 9278 Communications in response to your complaint regarding the services provided through the company's prepaid phone card branded as *Arroz Con Pollo*. Staff initiated a formal investigation in Docket No. 030696-TI to address the company's failure to register as an Intrastate telecommunications service provider in Florida. For the record, your complaint has been closed and it will be addressed in the formal investigation. Should the company choose to settle the issues cited in the Docket, resolution of your complaint will be included as a condition of settlement. Please contact us if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Dale R. Buys".

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536
Fax: (850) 413-6537
Email: dbuys@psc.state.fl.us

TMS # 1628

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

April 22, 2004

Ms. Ligia Fleming
1814 SW 18th Street
Cape Coral, Florida 33991

Re: Consumer Complaint 589021T; 9278 Communications / 9278.Com

Dear Ms. Fleming:

Thank you for contacting the Florida Public Service Commission (Commission) regarding your complaint against 9278 Communications / 9278.Com and the Arroz Con Pollo prepaid phone card. On January 12, 2004, the Commission voted to impose a penalty in the amount of \$25,000 on 9278 Communications for failing to register with the Commission as an intrastate interexchange telecommunications company. The company has protested the Commission's Order and the case is under review. Should 9278 Communications settle the matter; staff will at that time require the company to resolve your complaint and you will be notified.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536
Fax: (850) 413-6537
Email: d Buys@psc.state.fl.us

TMS: 1186

Public Service Commission
 # 586 686C

From Ligia Fleming
 ATN: Neal Forsman



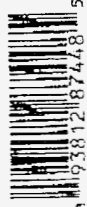
ORIGINAL

MAR - 5 2004

\$10

ARROZ CON
 POLLO
 FLORIDA
 Miami

Para el campo de servicio cliente, no aplicar. Esta tarjeta tiene 3 tarjetas de redención. Esta tarjeta tiene un valor de \$10.00 y es no reembolsable. No válida en Florida ni en cualquier otro estado. Para recibir el reembolso, presione 1.



English	Belleguella	581-958-0955
Bayamon Beach	581-244-0106	
Caral Springs	554-223-0187	
Deerfield Beach	554-949-0918	
Delray Beach	561-908-0278	
Fort Pierce	772-840-0167	
Fort Pierce	305-328-8889	
Fort Pierce	772-807-0280	
Key	305-647-8134	
Key	584-844-0873	
Key	581-853-1388	
Key	581-808-2343	
Key	581-828-8408	
Key	772-808-8838	

1-888-882-1411	Toll Free	1-888-882-1408
305-357-3846	Miami	305-357-3678
305-358-6146	Northern	305-358-6109
788-17-8577	Harvest	788-217-8604
884-342-0707	Hollywood	884-342-0704
884-448-2389	Fort	884-448-2385

Pin # \$10

1. Mueva su dinero a su tarjeta de crédito.
2. Enter your \$10 number and press 1.
3. For immediate call, Credit and the balance out.
4. For more info, call 1-800-835-8846.
5. For more info, call 1-800-835-8846.
6. For more info, call 1-800-835-8846.
7. For more info, call 1-800-835-8846.
8. For more info, call 1-800-835-8846.
9. For more info, call 1-800-835-8846.
10. For more info, call 1-800-835-8846.

Servicio al cliente / Customer service: 1-800-835-8846
 VISIT ONLINE WWW.8278.COM 808/816-F03 171-50303

Maria Ramos
 German
 905
 5018

Request No. 60

Name TOLAND, TERESA MS.

Business Name

Consumer Information

Name: TERESA TOLAND

Address Name:

Address: 14530 SW 122ND PLACE

Phone: () - -

City/Zip: Miami / 33186-

Account Number:

Caller's Name: TERESA TOLAND

Billing Address: 14530 SW 122ND PLACE

City/Zip: MIAMI, FL 33186-

Phone Reached: (305)-253-2883

Tracking Number:

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: TJ855

Company: IBGH COMMUNICATIONS, LLC

Attn. Mr. Trichur S.

Response Needed From Company? Y

Date Due: 06/23/2004

Fax: 61,845-357-3677 R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: DKF

Date: 06/02/2004

Time: 11:54

Via: MAIL

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 5.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 09/23/2004

Closeout Type: LS-47

Apparent Rule Violation: Y

Please review the attached correspondence in which the customer reports the following:

Customer reports that she purchased a \$5.00 calling card in Miami which is to provide approximately seven minutes of calling time to Cuba. Customer states prior to her using the card \$2.00 were deducted; she states she contacted the company and was told the \$2.00 would be reimbursed with 45 minutes. She states she did not receive the \$2.00. She adds that she attempted to use the card again, however there were no monies left on the card. Customer states the \$5.00 of talk time were deducted from the card without use.

Consumer Complaint Rule 25-22.032, please use the following procedures when responding to PSC complaints. Complaint resolution should be provided to the customer via direct contact with the customer, either verbally or in writing, within 15 working days after the complaint has been sent to the company.

A response to the PSC is due by 5:00 p.m. Eastern time, of the 15th working day after the complaint has been sent to the company.

No. 601052T

Name TOLAND, TERESA MS.

Business Name

Docket No. 030696-11
Exhibit No. DRB-9
Page 62 of 75

AGE NO: 1

The response should include the following:

- a) the cause of the problem
- b) actions taken to resolve the customer's complaint
- c) the company's proposed resolution to the complaint
- d) answers to any questions raised by staff in the complaint
- e) confirmation that the company has made direct contact with the customer

Send your written response to the PSC, and copies of all correspondence with the customer to the following mail, fax or physical addresses:

Mail - pscreply@psc.state.fl.us
850-413-7168
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Taken by Diana Falise

01/04 Mailing copy of case to company due to fax errors. DHood

11/04 Received returned Case # 601052, due to, "attempted, not known", sender Assigned Analyst Shonna Roberts

10/04 We have not been able to fax or mail this complaint to IBGH Communications. Today I called 457-9292 which is listed in MCD as a contact number. I was advised that IBGH was no longer in business should contact Craig Libson at 914-761-0007. When I called this number I got a recording the number had disconnected. Case forwarded to Rhonda review and possible reassignment to CMP. rmchague

06/2004: 9278 Communications is the distributor/provider of the phone cards. IBGH Communications is the exclusive service provider for 9278 Communications' phone cards. 9278 Communications is in litigation with Commission regarding provisioning of pre-paid services. The Docket number is 030696-TI. The company has requested a hearing. A hearing date has not been set and legal staff is addressing the company's request for issues in Docket No. 030696-TI be referred to an administrative law judge for a decision. drbuys

07/2004: Staff met with legal counsel for 9278 Communications to discuss settlement issues regarding the docket. Staff provided legal counsel with a copy of the complaint and informed legal counsel that in order to settle the matter, the company would have to respond to the customer's complaint and resolve the issues. Legal counsel informed staff that they believe IBGH is no longer in business and will investigate the situation and respond to staff as to who will address the complaint. drbuys.

Docket No. 0306
Exhibit No. D
Page 63
75
TI

Docket No. 601052T

Name TOLAND, TERESA MS.

Business Name

FILE NO: 2

STATE OF FLORIDA



COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 22, 2004

Ms. Teresa Toland
14530 S.W. 122nd Place
Miami, FL 33186

Re: Consumer Complaint Request No. 601052T; IBGH Communications, LLC / 9278 Communications.

Dear Ms. Toland:

The Florida Public Service Commission staff (Staff) determined that IBGH Communications is the service provider responsible for the *Arroz Con Pollo* prepaid phone card cited in your complaint. Staff contacted the company and was informed that it is no longer in business and your complaint should be forwarded to 9278 Communications for resolution. Staff has been unable to solicit a reply from 9278 Communications in response to your complaint. Staff initiated a formal investigation in Docket No. 030696-T1 to address the company's failure to register as an Intrastate telecommunications service provider in Florida. For the record, your complaint has been closed and it will be addressed in the formal investigation. Should the company choose to settle the issues cited in the Docket, resolution of your complaint will be included as a condition of settlement. Please contact us if we can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dale R. Buys", written over a horizontal line.

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536
Fax: (850) 413-6537
Email: dbuys@psc.state.fl.us

TMS # 1630

ORIGINAL

RECEIVED

Docket No. 030696-TI

Exhibit No. DRB-9

Page 66 of 75

JUN 1 - 2004

Florida Public Service Commission
Division of RCA

Requested please find
a copy of calling card

TRAC # 5998151 a

Spoke to Diana, she

recorded my complaint

Thank you [Signature]

WMS

170031

117

ORIGINAL

95

ARROZ CON POLLO

Nizavari

FLORIDA

PHONE CARD

Local & 1-800 Access

SIN CARGO DE CONEXION

SEZB 800.COM

ACCESO LOCAL 77-800



~~IBCH Communications, LLC
400 Rella Boulevard, Suite 140
Montebello, NY 10901~~

Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Case No. 602

Name RODRIGUEZ ,ALICIA MS.

Business Name

Consumer Information

Name: ALICIA RODRIGUEZ

Business Name:

Address: 643 COTULLA DR

County: Osceola

Phone:

City/Zip: Kissimmee / 34758-

Account Number:

Florida Name: ALICIA RODRIGUEZ

Billing Address: 643 COTULLA DRIVE

City/Zip: KISSIMMEE ,FL 34758-

Can Be Reached: (407)-935-1051

Tracking Number:

Prepaid Calling Cards

**Florida Public Service
Commission - Consumer Request
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
850-413-6100**

Utility Information

Company Code: NA

Company: 9278 COMMUNICATIONS

Attn.

Response Needed From Company? Y

Date Due: 07/02/2004

Fax:

R

Interim Report Received: / /

Reply Received: / /

Reply Received Timely/Late: L

Informal Conf.: N

PSC Information

Assigned To: DALE BUYS

Entered By: LLL

Date: 06/11/2004

Time: 14:46

Via: MAIL

Prelim Type: PREPAID CALLING

PO:

Disputed Amt: 0.00

Supmntl Rpt Req'd: / /

Certified Letter Sent: / /

Certified Letter Rec'd: / /

Closed by: DRB

Date: 09/23/2004

Closeout Type: LS-47

Apparent Rule Violation: Y

Comments. The customer states that the attached pre-paid telephone cards (two) did not work properly. The customer is requesting reimbursement of her money. She paid for the card \$5.

Work Taken by Loyda Lopez.

Apparently this company: 9278 Communications does not have certification to operate in Florida state. Forwarded to ACalhoun. L Lopez.

Case No. 602714T

Name RODRIGUEZ ,ALICIA MS.

Business Name

EW NO. 1

Docket No. 030696-T1
Exhibit No. DRB-9
Page 70 of 75

11/11/2004 9278 Communications does not have a certificate listed in MCD. Requesting complaint be forwarded to
for review. ACalhoun

11/14/2004 Complaint filed forwarded to Rhonda Hicks for review. rmchargue

11/15/2004: 9278 Communications is in litigation with the Commission regarding provisioning of pre-paid
services. The Docket number is 030696-TI. The company has requested a hearing. Customer notified to wait
for a determination by the Commission.

11/15/2004: Letter sent to customer advising her that the Commission will require the company to resolve her
complaint should a settlement be reached. drbuys

11/15/2004: A hearing date has not been set and legal staff is addressing the company's request for the
issues in Docket No. 030696-TI be referred to an administrative law judge for a decision. drbuys

11/27/2004: Staff met with legal counsel for 9278 Communications to discuss settlement issues regarding the
docket. Staff provided legal counsel with a copy of the complaint and informed legal counsel that in order to
settle the matter, the company would have to respond to the customer's complaint and resolve the issues.
drbuys.

11/23/2004: Staff sent a closure letter to the customer informing her that her complaint would be handled in
docket No. 030696-TI and that should 9278 Communications choose to settle the docket, resolution of her
complaint would be a condition of settlement. drbuys

Request No. 602714T Name RODRIGUEZ ,ALICIA MS. Business Name

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 22, 2004

Ms. Alicia Rodriguez
643 Cotulla Drive
Kissimmee, FL 34758

Re: Consumer Complaint Request No. 602714T; 9278 Communications.

Dear Ms. Rodriguez:

The Florida Public Service Commission staff (Staff) has been unable to solicit a reply from 9278 Communications in response to your complaint regarding the services provided through the company's prepaid phone card branded as *Arroz Con Pollo*. Staff initiated a formal investigation in Docket No. 030696-TI to address the company's failure to register as an Intrastate telecommunications service provider in Florida. For the record, your complaint has been closed and it will be addressed in the formal investigation. Should the company choose to settle the issues cited in the Docket, resolution of your complaint will be included as a condition of settlement. Please contact us if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Dale R. Buys".

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536
Fax: (850) 413-6537
Email: dbuys@psc.state.fl.us

TMS # 1627

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

June 15, 2004

Ms. Alicia Rodriguez
643 Cotulla Drive
Kissimmee, Florida 34758

Re: Consumer Complaint 602714T; 9278 Communications

Dear Ms. Rodriguez:

Thank you for contacting the Florida Public Service Commission (Commission) regarding your complaint against 9278 Communications and the Arroz Con Pollo prepaid phone card. On January 12, 2004, the Commission voted to impose a penalty in the amount of \$25,000 on 9278 Communications for failing to register with the Commission as an intrastate interexchange telecommunications company. The company has protested the Commission's Order and the case is under review. Should 9278 Communications settle the matter, staff will at that time require the company to resolve your complaint and you will be notified.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

Handwritten signature of Dale R. Buys.

Dale R. Buys
Regulatory Analyst
Bureau of Service Quality

Tel: (850) 413-6536
Fax: (850) 413-6537
Email: dbuys@psc.state.fl.us

TMS: 1466

CROSS STAR
PREPAID PHONE CARD
Florida
CROSS STAR
PREPAID PHONE CARD
\$2 Florida

OTC
PREPAID PHONE CARD
WORLDCALL
prepaid phone card
PLATINUM
NO CONNECTION FEES!

ARROZ CON POLLO
FLORIDA PHONE CARD
Arroz con Pollo
FLORIDA
SIN CARGO DE CONEXION
ARROZ CON POLLO
FLORIDA PHONE CARD
TOLL FREE ACCESS

OTC
PREPAID PHONE CARD
WORLDCALL
prepaid phone card
PLATINUM
NO CONNECTION FEES!

\$5
ARROZ CON POLLO
FLORIDA PHONE CARD
SIN CARGO DE CONEXION
\$5
ARROZ CON POLLO
FLORIDA PHONE CARD
TOLL FREE ACCESS

3



CROSS STAR FLORIDA
OTC
PREPAID PHONE CARD
WORLD CALL
PLATINUM

Local or Regional phone company charges may apply. Prices and terms subject to change without notice. A 59¢ semi-monthly fee will apply. Payment of 65¢ applies with 800#. This card has no cash value and is non-refundable. Expires on the earlier of the stated expiration date or 6 months from first use.

Cargos o las llamadas locales o regionales pueden ser aplicados por un costo de 65¢. Precios y tarifas sujetos a cambiar sin previo aviso. Este recargo dos veces por mes serán aplicados. 65¢ aplicables cuando use el #800 desde teléfonos públicos. Esta tarjeta no es válida por dinero en efectivo. Esta tarjeta se vence en la fecha indicada. No reembolsable. Expira en la fecha indicada o 6 meses después de haber sido usada por primera vez, ocurriera de esto o ocurra primera.

ACCESS NUMBERS / NUMEROS DE ACCESO

Miami	305-424-0083	W. Palm Beach	561-656-8
Miami	305-503-6453	Boca Raton	561-674-0
Miami	786-364-7033	Orlando	321-206-0
Broward	954-660-1263	Tampa	813-594-0
Broward	954-696-0063		

INSTRUCCIONES DE MARCADO
 Para llamar dentro de los Estados Unidos, Canadá o Caribbeo: Marque 1 + el código de área + número de teléfono.
 Para llamar a cualquier otro país: Marque 1 + código de área + número de teléfono.
 Para llamar a cualquier otro país: Marque 1 + código de país + código de la ciudad + número de teléfono.

DIALING INSTRUCTIONS
 For calls within the U.S., Canada or Caribbean: Dial 1 + area code + telephone number.
 For calls to any other country: Dial 1 + country code + city code + phone number.
 For calls to any other country: Dial 011 + country code + city code + telephone number.

OTC
PREPAID PHONE CARD
WORLD CALL
PREPAID PHONE CARD
PLATINUM

1. Dial the toll free number on the back of the card from any touch tone phone.
 2. Follow the voice prompts.
 3. Then you will be asked to dial the number you wish to call

CALL ANYWHERE IN THE WORLD... 24 HOURS A DAY

At the beginning of each call, a voice prompt will announce the balance remaining on your card. You will be reminded when you have 1 minute remaining on your card.

Prices are subject to change without notice. If used from a pay phone, an additional pay phone charge may apply. A service fee may apply. This card has no cash value and is non-refundable. This card will expire three months after first use. Services provided by ORION TELECOMMUNICATIONS CORP.

Los precios pueden ser cambiados sin previo aviso. Si se usa de un teléfono público tiene valor monetario y no es reembolsable. Esta tarjeta expira tres meses después de su primer uso. Servicios suministrados por ORION TELECOMMUNICATIONS CORP.

Docket No. 0306296-TI
 Exhibit No. DRB-9
 of 75

OTC
PREPAID PHONE CARD
WORLD CALL
PLATINUM

1. Dial the toll free number on the back of the card from any touch tone phone.
 2. Follow the voice prompts.
 3. Then you will be asked to dial the number you wish to call

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Los precios pueden ser cambiados sin previo aviso. Si se usa de un teléfono público los cargos adicionales se aplicaran. Un cargo de servicio sera aplicado. Esta tarjeta no tiene valor monetario y no es reembolsable. Esta tarjeta expira tres meses después del primer uso. Servicios suministrados por ORION TELECOMMUNICATIONS CORP.

CUSTOMER SERVICE
 1-800-330-1060

ARROZ CON POLLO
 FLORIDA

Ningún cargo de servicio mensual se aplicará. Esta tarjeta tiene 3 minutos de redondeo. Esta tarjeta no tiene ningún valor en efectivo y no es reembolsable. Valide su tarjeta si la cobertura esta abierta o el Pin esta visible... Para fecha de vencimiento: presione 1

www.9278.com

CUSTOMER SERVICE
 1-800-330-1060

ARROZ CON POLLO
 FLORIDA

Ningún cargo de servicio mensual se aplicará. Esta tarjeta tiene 3 minutos de redondeo. Esta tarjeta no tiene ningún valor en efectivo y no es reembolsable. Valide su tarjeta si la cobertura esta abierta o el Pin esta visible... Para fecha de vencimiento: presione 1

www.9278.com

ARROZ CON POLLO
 FLORIDA
 Orlando
 Tampa

1. Dial the toll free number on the back of the card from any touch tone phone.
 2. Follow the voice prompts.
 3. Then you will be asked to dial the number you wish to call

CALL ANYWHERE IN THE WORLD... 24 HOURS A DAY

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English #
 1-866-692-1411
Dial : 1-866-692-1411

Spanish #
 95-255136

Pin #
 4570 0632 8686

2. Marque su código secreto y oprimas 1.
 3. Para hacer otra llamada marque 1.
 4. Para llamar en USA, Canada, o el Caribe mar- que 1 + código de área + número de teléfono.
 5. Para llamar a cualquier otro país marque: 011 + código del país + código de la ciudad + número de teléfono.

El número de acceso gratuito esta limitado solamente para Florida. Servicio al cliente / Customer service: 1-866-692-1411 Servicio provided by 9278 Communications

English #
 1-866-692-1411
Dial : 1-866-692-1411

Spanish #
 95-255136

Pin #
 4570 0632 8686

2. Enter your PIN number and press 1.
 3. For domestic calls in the USA, Canada & Caribbean dial 1 + area code + telephone number.
 4. If calling to any other country, dial: 011 + country code + city code + phone number.
 To make another call, press 1.

El número de acceso gratuito esta limitado solamente para Florida. Servicio al cliente / Customer service: 1-866-692-1411 Servicio provided by 9278 Communications

OTC
PREPAID PHONE CARD
WORLD CALL
PREPAID PHONE CARD
PLATINUM

1. Dial the toll free number on the back of the card from any touch tone phone.
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CALL ANYWHERE IN THE WORLD... 24 HOURS A DAY

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Docket No. 0306296-TI
 Exhibit No. DRB-9
 of 75

No certificate

0307/AIS-E03

95-828448

0307/AIS-C03

95-255136

1-866-692-1411

1-866-692-1411

95-255136

0307/AIS-C03

95-828448

0307/AIS-E03

95-255136

1-866-692-1411

1-866-692-1411

95-255136

0307/AIS-C03

DOCKET NO. 030696-TI

DOCKET TITLE: Compliance Investigation of 9278 Communications, Inc. for apparent violation of Sections 364.02 and 364.04, Florida Statutes.

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-10

DESCRIPTION: 1. Section 364.02, Florida Statutes, Definitions
2. Section 364.04, Florida Statutes, Schedules of rates, tolls, rentals, contracts, and charges; filing; public inspection.

Select Year: 2004

[Go](#)

The 2004 Florida Statutes

Title XXVII
RAILROADS AND OTHER REGULATED
UTILITIES

Chapter 364
TELECOMMUNICATIONS
COMPANIES

[View Entire
Chapter](#)

364.02 Definitions.--As used in this chapter:

(1) "Basic local telecommunications service" means voice-grade, flat-rate residential, and flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multifrequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange telecommunications company, such term shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

(2) "Commercial mobile radio service provider" means a commercial mobile radio service provider as defined by and pursuant to 47 U.S.C. ss. 153(n) and 332(d).

(3) "Commission" means the Florida Public Service Commission.

(4) "Competitive local exchange telecommunications company" means any company certificated by the commission to provide local exchange telecommunications services in this state on or after July 1, 1995.

(5) "Corporation" includes a corporation, company, association, or joint stock association.

(6) "Intrastate interexchange telecommunications company" means any entity that provides intrastate interexchange telecommunications services.

(7) "Local exchange telecommunications company" means any company certificated by the commission to provide local exchange telecommunications service in this state on or before June 30, 1995.

(8) "Monopoly service" means a telecommunications service for which there is no effective competition, either in fact or by operation of law.

(9) "Nonbasic service" means any telecommunications service provided by a local exchange telecommunications company other than a basic local telecommunications service, a local interconnection arrangement described in s. 364.16, or a network access service described in s. 364.163.

(10) "Operator service" includes, but is not limited to, billing or completion of third-party, person-to-person, collect, or calling card or credit card calls through the use of a live operator or automated equipment.

(11) "Operator service provider" means a person who furnishes operator service through a call aggregator.

(12) "Service" is to be construed in its broadest and most inclusive sense. The term "service" does not include voice-over-internet protocol service for purposes of regulation by the commission.

Nothing herein shall affect the rights and obligations of any entity related to the payment of switched network access rates or other intercarrier compensation, if any, related to voice-over-internet protocol service.

(13) "Telecommunications company" includes every corporation, partnership, and person and their lessees, trustees, or receivers appointed by any court whatsoever, and every political subdivision in the state, offering two-way telecommunications service to the public for hire within this state by the use of a telecommunications facility. The term "telecommunications company" does not include:

(a) An entity which provides a telecommunications facility exclusively to a certificated telecommunications company;

(b) An entity which provides a telecommunications facility exclusively to a company which is excluded from the definition of a telecommunications company under this subsection;

(c) A commercial mobile radio service provider;

(d) A facsimile transmission service;

(e) A private computer data network company not offering service to the public for hire;

(f) A cable television company providing cable service as defined in 47 U.S.C. s. 522; or

(g) An intrastate interexchange telecommunications company.

However, each commercial mobile radio service provider and each intrastate interexchange telecommunications company shall continue to be liable for any taxes imposed pursuant to chapters 202, 203 and 212 and any fees assessed pursuant to ss. 364.025 and 364.336. Each intrastate interexchange telecommunications company shall continue to be subject to ss. 364.04, 364.10(3)(a) and (d), 364.163, 364.285, 364.501, 364.603, and 364.604, shall provide the commission with such current information as the commission deems necessary to contact and communicate with the company, shall continue to pay intrastate switched network access rates or other intercarrier compensation to the local exchange telecommunications company or the competitive local exchange telecommunications company for the origination and termination of interexchange telecommunications service, and shall reduce its intrastate long distance toll rates in accordance with s. 364.163(2).

(14) "Telecommunications facility" includes real estate, easements, apparatus, property, and routes used and operated to provide two-way telecommunications service to the public for hire within this state.

History.--s. 2, ch. 6525, 1913; RGS 4394; CGL 6358; s. 1, ch. 63-279; s. 1, ch. 65-52; s. 1, ch. 65-451; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 2, 32, ch. 80-36; s. 2, ch. 81-318; s. 1, ch. 84-215; ss. 6, 7, ch. 89-163; ss. 2, 48, 49, ch. 90-244; s. 4, ch. 91-429; s. 6, ch. 95-403; s. 12, ch. 98-277; s. 3, ch. 2003-32.

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364.04 Schedules of rates, tolls, rentals, contracts, and charges; filing; public inspection.--

(1) Upon order of the commission, every telecommunications company shall file with the commission, and shall print and keep open to public inspection, schedules showing the rates, tolls, rentals, contracts, and charges of that company for service to be performed within the state.

(2) The schedule, as printed and open to public inspection, shall plainly state the places between which telecommunications service will be rendered and shall also state separately all charges and all privileges or facilities granted or allowed and any rules or regulations or forms of contract which may in anywise change, affect, or determine any of the aggregate of the rates, tolls, rentals, or charges for the service rendered.

(3) A schedule shall be plainly printed in large type, and a copy thereof shall be kept by every telecommunications company readily accessible to, and for convenient inspection by, the public at such places as may be designated by the commission. Any such schedule shall be immediately produced by the telecommunications company upon the demand of any person.

(4) A notice printed in bold type and stating that such schedules are on file and open to inspection by any person, the places where the schedules are kept, and that the agent will assist any person to determine from such schedules any rate, toll, rental, rule, or regulation which is in force shall be kept posted by every telecommunications company as the commission designates.

History.--s. 4, ch. 6525, 1913; RGS 4396; CGL 6360; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 4, 32, ch. 80-36; s. 2, ch. 81-318; ss. 6, 7, ch. 89-163; ss. 7, 48, 49, ch. 90-244; s. 4, ch. 91-429.

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DOCKET NO. 030696-TI

**DOCKET TITLE: Compliance Investigation of 9278
Communications, Inc. for apparent violation of Sections
364.02 and 364.04, Florida Statutes.**

WITNESS: Dale R. Buys

PARTY: Florida Public Service Commission Staff

DIRECT TESTIMONY EXHIBIT DRB-11

**DESCRIPTION: Section 364.285, Florida Statutes,
Penalties**

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364.285 Penalties.--

(1) The commission shall have the power to impose upon any entity subject to its jurisdiction under this chapter which is found to have refused to comply with or to have willfully violated any lawful rule or order of the commission or any provision of this chapter a penalty for each offense of not more than \$25,000, which penalty shall be fixed, imposed, and collected by the commission; or the commission may, for any such violation, amend, suspend, or revoke any certificate issued by it. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the entity, enforceable by the commission as a statutory lien under chapter 85. Collected penalties shall be deposited in the General Revenue Fund unallocated.

(2) The commission may, at its discretion, institute in any court of competent jurisdiction a proceeding for injunctive relief to compel compliance with this chapter or any commission rule or to compel the accounting and refund of any moneys collected in violation of this chapter or commission rule.

History.--ss. 4, 7, ch. 83-73; ss. 6, 7, ch. 89-163; ss. 28, 48, 49, ch. 90-244; s. 4, ch. 91-429.

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