

Operator: Greetings, and welcome to the Intellicheck Mobilisa second quarter 2010 conference call.

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

A question and answer session will follow the formal presentation.

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

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, James Carbonara, Investor Relations Group, for Intellicheck Mobilisa.

Thank you, Mr. Carbonara, you may begin.

Mr. James Carbonara: Thank you.

Good day, and welcome to Intellicheck Mobilisa's 2010 second quarter conference call. Today's conference is being recorded.

Good morning, and welcome everyone. Second quarter conference call to discuss Intellicheck Mobilisa's results for the fiscal quarter ending June 30, 2010, and to discuss other business developments.

In a moment, I will call upon our CEO, Dr. Nelson Ludlow, to lead today's call and introduce the other members Intellicheck Mobilisa's management team who will be participating in today's conference call.

Before I do that, I will take a few minutes to read the forward-looking statement. Certain statements in this conference call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. When used in this conference call, words such as "will", "believe", "expect", "anticipate",

"encouraged", and similar expressions as they relate to the company or its management, as well as assumptions made by information currently available to the company's management identified forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

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

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

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

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

Dr. Nelson Ludlow: Thanks, James. Hello, everyone.

On the call with me today is Steve Williams, our Chief Operating Officer; Pete Mundy, our Chief Financial Officer; and John Paxton, our Chairman.

Our second quarter revenue was just about 3 million--3.0 million. Because Q2 of 2009 was our best quarter in the history of the company, which was about 3.9 million in revenue, partially due to a large, singular contract win.

On our last conference call, we did disclose an expectation not to beat that previous Q2 in a year-over-year comparison.

However, in a quarter-over-quarter, we're up 11 percent over Q1 in, 2010, which was up over quarter-over-quarter from Q4 2009.

So, the recent quarter revenue is also in the top four quarters for revenue in the company's history.

Our losses are down from Q1, which is particularly noteworthy because, as you all know, we are increasing some costs as we're hiring, we're taking steps to grow the company and we have significantly increased our pipeline to 48 million in identified opportunities.

Our results are similar to other identity systems companies. For example, L-1, which also reported their Q2 revenue to be down from a previous Q2 from last year, but up over their year's Q1.

So, this revenue was achieved without any specific large win. Now, what I like about that is, this shows a good sign that we have increased our base revenue by making numerous, smaller valued sales to customers, many repeat customers, and selling additional software or hardware to those existing commercial clients, such as AT&T and Rooms To Go, and also our banking area as well.

Now, because of that, there hasn't been a tremendous amount of press releases this quarter, so this gives us a good opportunity to talk to you in detail of what we are doing

for you to be able to ask questions. So, again, I'm very happy that it's several large smaller ones so you can kind of see where our base is of what we've done with the company.

Now, the government has said that they expect, uh, formal requirements for TWIC readers, uh, country seaport sometime in late 2011. So, in the TWIC Program, we this quarter concluded a successful pilot of TWIC readers at the Port Authority of New York and New Jersey.

If you also do a Google search, you will find that another port has secured funding, in--to be able to give us another port that should be coming online soon.

Now, we continue to add to our military base sales. We announced [unintelligible] grounds, and we also make--made sales of new equipment to Fort Jackson in South Carolina, Fort AP Hill in Virginia, and added additional equipment and services to Fort Polk, Louisiana, and The Air Force Academy in Colorado.

We have several other noteworthy accomplishments and really it's strengthened the company with some key hires and particularly increased our business development efforts that I want to talk about.

But, at this stage, I'll let Pete Mundy, our Chief Financial Officer, provide the specifics on the quarter's financials, and then I'll go back into the business and business development aspects that we've done.

Pete?

Mr. Pete Mundy: Thank you, Nelson. Good day to all.

I would like to discuss some of the financial information that was contained in the Press Release for the quarter ending June 30th, 2010, which we put out this morning.

The complete quarterly report on Form 10-Q will be filed with the SEC this afternoon right after the call.

Revenues for the second quarter ended June 30th decreased 24 percent to \$3,300,000 compared to \$3,939,000 for the previous year.

The decrease is primarily related to lower identity system revenues previously reported as the commercial ID and government ID product lines.

2009 revenues included approximately \$1.1 million in sales to a large telecommunications company including an enterprise-wide license and hardware sales. We did not enter into any enterprise licenses during the second quarter of 2010.

Total booked orders were approximately \$2 million in the second quarter of 2010, compared to approximately \$2.7 million in the second quarter of 2009, including that large telecommunications sale.

As of June 30, 2010, our backlog was approximately \$4.9 million compared to \$7.3 million at June 30, 2009. Previously, the company recorded in our backlog certain wireless R&D contracts when the award is announced or included in the Congressional Budget with the company named as the requestor.

As of June 30, 2010, management reduced the current period stated backlog by \$3.3 million. This is done because Congress announced that earmarks awarded to public companies in fiscal year 2010 are now subject to competition, even when the government would have determined that a sole source justification was the best method of contract award. Therefore, we will be competing for the fiscal year 2010 earmarked funding for the Littoral Sensor Grid.

As we've routinely stated, we are not afraid of competition. We are world leader in this type of research and development.

The \$4.9 million of backlog is expected to be realized over the next 12 to 18 months.

We still continue to maintain high gross profit margins. Our gross profit is a percentage of revenues was 66.6 percent for the three months ended June 30, 2010, approximately the same as the 66.7 percent for the three months ended June 30, 2009.

There was an increase in merger related amortization costs in 2010, which was partially offset by changes in our product mix.

Operating expenses, which consist of selling, general administrative, and research and development expenses, increased 21 percent to \$2,592,000 for the three months ended June 30, 2010, from \$2,153,000 for the three months ended June 30, 2009.

The increase in the 2010 expenses is primarily related to new hires, increased payroll and related costs, contracted consulting fees to the former positive access principles, legal fees related to contract review, litigation and shelf registration statement, and additional board and consulting fees.

We're continuing to monitor our cost structure but, as Nelson previously stated, our plan includes the addition of some operating expenses to support our expected revenue growth, including the hiring of additional salespersons and an increase in marketing costs.

In the second quarter of 2010 alone, we added three software engineers and a Senior VP of Identity Systems.

Interest expense was negligible. The interest expense of \$7,500 in the second quarter of 2010 represents the amortization of the deferred debt discount recorded on the notes payable related to the positive access acquisition.

We have not recorded in any tax provisions due to the expected utilization of net operating loss carry forwards, and we still have net operating loss carry-forwards of approximately \$38.2 million.

Adjusted EBITDA for the quarter ending June 30, 2010, was negative \$197,000 compared to a positive amount of \$854,000 in the quarter ended June 30, 2009.

Our net loss was \$602,000, or two cents per diluted share, for the three months ended June 30, 2010, compared to net income of \$473,000, or two cents per diluted share, for the three months ended June 30, 2009.

Revenues decreased 7 percent to \$5,678,000 for the six months ended June 30-- ended June, uh, 2010, from \$6,083,000 for the six months ended June 30, 2009.

Adjusted EBITDA was negative \$611,000, compared to positive \$656,000 and our net loss was \$1,422,000, or five cents per share, compared to a net loss of \$62,000, or zero cents per share, in the previous year.

Now, I'd like to focus on the company's liquidity and capital resources. As of June 30, 2010, the company had cash in short-term investments of \$2,248,000, working capital, defined as current assets minus current liabilities, of \$1,445,000, total assets of \$24,564,000 and stockholders' equity of \$20,534,000.

The company has not utilized any bank financing during the first six months of 2010.

During the six months ended June 30, 2010, the company used net cash of \$743,000 in operating activities compared to \$836,000 during the six months ended June 30, 2009.

This decrease is primarily a result of higher net loss for the first half of 2010, partially offset by higher, non-cash charges and changes in working capital.

Cash used in investing activities was \$136,000 in the first half of 2010, compared to \$107,000 in the same period last year.

The use of cash for the 2010 period reflects capital expenditures principally related to equipment purchases and leasehold improvements.

Cash provided by financing activities was \$148,000 in the period ended June 30, 2010, compared to \$16,000 in the same period last year. The increase in 2010 is a result of the higher proceeds from the exercise of stock options.

We currently anticipate that our available cash and short-term investments, as well as cash from operations, will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next 12 months. However, we always keep the option open to raise additional funds to respond to business contingencies, which may include the need to fund more rapid expansion, fund additional marketing expenditures, develop new applications for our technology, enhance our operating infrastructure, respond to competitive pressures or to acquire complimentary businesses or necessary technologies.

There could be no assurance that the company will be able to secure the additional funds when needed or obtain such on terms satisfactory to the company at all.

On May 27, 2010, the company filed a universal shelf registration statement on forms 3 with the Securities and Exchange Commission.

Under the shelf registration statement, which was declared effective by the SEC on July 19th, the company may offer itself from time to time in the future, in one or more public offerings, its common stock, preferred stock, warrants and/or units.

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

I will now turn the, uh, conversation back over to Nelson.

Mr. Nelson Ludlow: Thanks, Pete.

Okay. I'd like to take a moment to discuss our applications of our products at airports. There's been a lot of interest in this in the last few months.

Recent terrorists, such as Underwear, Times Square Bombers, being able to board planes have increased the public's attention on the Department of Homeland Security to find an ID card scanning security solution, which may prevent these acts and we fully support that.

In fact, we've had several meetings with the Department of Homeland Security personnel at various levels in efforts to help make this happen. However, as a note of caution, investors, we should not expect some immediate large-value TSA contract just days after an event. Rather, DHS process is a methodical one, perhaps a slow one, but it is progressing. And I'm sure we can all agree that terrorists aren't going away any time soon.

Therefore, the government continues its needs for products and services like ours. It's the mission of Intellicheck Mobilisa to make our country's airports safe, to save lives.

In Q2, we took several steps in that goal to provide our products to DHS and TSA. This quarter, we responded to a TSA request for information about our products, uh, that can validate ID cards and compare that information to boarding passes. This has been a program that TSA has been working on prior to the Underwear and Times Square Bombers, but it's been recently more invigorated, and we did formally respond to their request for information.

On June 1st, uh, we appointed Scott Jacobs, Senior Vice President overseeing the business development opportunities for the company's government identity systems products.

Now, Mr. Jacobs - served as an acting director for the U.S Department of Defense Counter Intelligence Field Activity, or C-I-F-A, CIFA. CIFA oversees-- Scott oversaw staff of 900 people, and he was the principle advisor to the Under Secretary of Defense for Intelligence.

Scott managed CIFA's counter-intelligence efforts in addition directing the day-to-day operations, which included coordinating the--of the terrorist list within the Defense Department, such as The No Fly list.

Scott's gonna focus on our government sales, to the military, to the TWIC, at the seaports, and particularly, our products at airports. We expect the higher other key personnel, other people, as full-time employees and consultants with backgrounds and expertise in homeland security. We're doing that, and the shareholders should expect that we are gonna do more of that.

On June 28th, New York Senior Senator, Charles Schumer, called a press conference at our offices in Long Island to discuss possible Department of Homeland Security funding for increasing security measures in the New York City area airports.

He identified 50 million in funding that has already been appropriated for a pilot program to incorporate new scanning devices at airports and he's urged DHS to consider technology, such as our defense ID system. And he would like to conduct a product test in a New York airport, such as JFK Airport, before another terrorist boards a plane.

Now, let me point out, that 50 million in funding is different funding than the TSA program I previously mentioned. The airports are logical focus for our company's products, and it's an opportunity that we're doing a full court press on. However, we also continue to grow the non-airport segments for identity systems, and we're developing enhanced products to broaden those opportunities, and let's talk about those.

So, let's first talk about military bases. As a reminder our company--our products have a thing called Authorities To Operate, that's approval from the government saying, "Yes, it meets all the security regulations. Your product's been tested." We have that from the Army. We have it from the Navy, Air Force and the Marines. We have all four services are using our products and have been approved.

We announced a contract from Yuma Arizona to provide them with a Defense ID Access Control System. The value of that contract was about \$175K.

We also added Fort Jackson, South Carolina and Fort AP Hill in Virginia, and Ford AP Hill accelerated the purchase of their equipment stating that they were gonna host the Boy Scout National Jamboree with thousands of our nation's Boy Scouts and their families. And both those contracts combined were of a value of about \$300K.

We've also added new equipment to existing customers in Fort Polk, Louisiana, also, The Air Force Academy in Colorado.

Now, we did a press release, and we talked about adding a layer of security by validating a thing called The Federation for Identity and Cross Credentialing Systems or FICCs.

Now, it enhances our Defense ID System to read and authenticate these FICC's certified credentials. FICC's certified credentials are cards that are issued to individuals who have undergone a thorough background check. So, these cards could be ideal for being used as vendors' checks.

But let me explain why this is a big deal. The federation is sponsored by several government groups, and we're excited to be a part of this group. It's--we believe it to be the most effective way to issue these vendor cards and definitely improve base security.

Now, although Defense ID has always been able to wirelessly authenticate ID cards, this capability adds the access to the military database of their ID cards via a portal that ultimately connects our system to the Defense Manpower Data Center to validate these military ID cards. It's a very cool system. You can scan the card, tells you if the card is authentic, if it's lost, if it's stolen, and it even returns a picture--a photograph of the person that is on file with that data center.

Okay, let's talk about our TWIC products, the T-W-I-C. Now, we've received a factory certification from Lenel. Again, we did a press release on that, and some of the comments, I think, from a few of our shareholders - I don't think they understand the value of why this, again, is a good deal.

Lenel Onguard Access Security Software and Intellicheck Mobilisa is now a member of the Lenel Open Access Alliance Program. This certification allows for Intellicheck to further support other ports and facilities that currently use Lenel Onguard, which is 18,000 system installations in more than 93 countries worldwide.

This new integration, Intellicheck's Mobile TWIC Reader, is one of our products, it can interface their Lenel Onguard System. It--therefore, increasing user efficiency, speeding up the visitor process. Lenel's one of the industry leaders, and we're excited of this new opportunity to provide even a stronger TWIC product. And it's important because most ports--seaports in our country, they already have an existing card-reading system, right? They already have some visitor system. But, what it doesn't do is, it doesn't read the TWIC cards. So, just because a person has a TWIC card, is that person allowed onto that port, or are they allowed in that location of the port? You see the problem? You can't just flash a TWIC card and say, "I can get on every port."

So, our TWIC card-reader system integrates with Lenel. It also integrates with another company called AMAG, A-M-A-G, and other card-reading systems, making our TWIC reader the logical choice and the port doesn't need to change out its existing card-reading system.

So, think about that. I mean, if you were gonna purchase this and you already bought some other card-reading system, the government then comes along and requires TWIC. What do you do? Throw away your old system. So, we've made it so that we integrate into the world's largest card-reading systems, and we integrate with those. So, I view that as a very good step.

Now, let's talk public safety. We're launching into a new area, which is public safety, particularly law enforcement, which, I think, is ideally suited to identity cards. I mean, that is what our company does, is we make software around--applications around identity cards. If you think about, "When do you have to show a driver's license?" One of the most logical places to think about that is in a law enforcement situation.

So, kicking off our third quarter, we established a Public Safety and Security Advisory Board for our newest product, which is called Fugitive Finder. The board members include Major General Jack Davis, a retired Marine Corp General; Dan Linehan, former Sheriff of Rockingham County, New Hampshire; Professor Sheldon Greenberg, Associate Dean at John Hopkins University; Mr. Ronnie Carter, a former Deputy Director and Acting Director of Alcohol, Tobacco and Firearms, or ATF.

Now, our Fugitive Finder product builds on our patented ID-reading technology that's already deployed in the nation approximately 80 federal facilities and military bases, which can quickly scan various forms of ID, such as a driver's license, military IDs, passports and instantly compared that database--compared that to a database that's made up of over 100 bad guy lists.

Now, comparing this Fugitive Finder to our Defense ID product, it has several enhancements, and a key distinction is that some of the acceptable data is so sensitive that, in order to use the Fugitive Finder, you have to be a bona fide law enforcement agent, so, example: police officer or federal agent.

So, some of the enhancements to this new product include a thing called FIPS, F-I-P-S 201. It's a certification--it's a federal ID certification standard that our product

meets. The ability to search NCIC, that is the law enforcement only accessible and FBI managed gold standard type of database of bad guys.

Third, the capability of a biometrics validation--to read fingerprints, and match that to the card, when applicable.

Also, to--ability to do a military credentials live check, which we talked about earlier. And also, the ability to read these long-term vetted vendor cards so that you know who the vendors are, uh, coming onto your installation.

So, we are also adding the integration of our TWIC reader capability into that system. So, for police officers, when they pull over a vehicle, probably the most dangerous period of interaction is when they take that driver's ID, they have to walk back to their police cruiser, and run a background check or check with their state's criminal investigative check or the FBI's one.

This gives the driver in question, unfortunately, when the cop goes back to his car, or their passenger's trying to reach for weapons or to think about running away or whatever they're gonna do, knowing that the officer's gonna come back and make an arrest. So, if, instead, the officers were able to do that check wirelessly after coming up to the vehicle, never having to return back to the cruiser to be able to keep their eyes on the people and do the ID check right there. That's what our Fugitive Finder product is gonna be able to do.

We've completed several successful tasks of the Fugitive Finder at U.S. Courthouses, at Sheriffs' offices, and even military tests have been performed on this product. There's 2.--let's talk about the market - 2.4 million law enforcement personnel in various positions in this country. This makes for a very good customer segment. This is

a significant opportunity for IDing across the entire United States and, perhaps, even overseas as well.

Now, we want to launch into this new sector in a thoughtful, well-managed approach. And, therefore, the Public Safety Advisory Board is critical. So, touching on the breadth of the experience of Advisory Board, let me briefly talk about the three people, these four men as well. Again, Major General Jack Davis--he's got about nearly 40 years of experience in the military, law enforcement and business. His last Marine Corps assignment was Vice Commander to The Marine Corps Forces Atlantic, and he was Deputy Commander of Marine Corps Forces Europe where he received the Distinguished Service Medal. He was a former Naval Criminal Investigative Service, NCIS agent.

Mr. Dan Linehan, he's an Alumni of the New Hampshire State Police with over 23 years of service. He also served as a Lieutenant to the Commanding Officer of the Training Recruitment Group and Commanding Officer of the Aviation Unit and Assistant Troup Commander. He also served--so, in addition to the New Hampshire State Police, he also served as Sheriff of Rockingham County in New Hampshire.

Also joining us is Professor Sheldon Greenburg. He is the Associate Dean of The School of Education of The Division of Public Safety Leadership and an Associate Professor of Management at John Hopkins University. So, in this capacity, he directs the John Hopkins' Police Executive Leadership Program, U.S. Secret Service Executive Development Program and The Intelligence Analysis Program.

And then, Mr. Ronnie Carter, he has over 32 years of law enforcement experience, having spent over 29 years as an agent with the Bureau of ATF. Also in the

Justice Department Agency, he rose through the ranks, starting as an agent, and serving over two and a half years as the Deputy Director and is the Acting Director of ATF. He's led a group of over 5,000 federal law enforcement personnel with a budget over \$1 billion.

So, the four impressive people that are helping us, and I am truly pleased that these four national leaders in public safety agreed to serve on our Board of Advisors. Their combined years of experience in law enforcement ensures that our program in public safety and our Fugitive Finder product, in particular, will be the best product possible and will find a wide customer base.

So, let's talk about our fastest growing area, the commercial sector. We continue to focus on Tier 1 retailers grocers, and financial institutions. And we're seeing an increased penetration of banks. Those orders are in smaller numbers, sub 100K contracts, but have added up to be a nice revenue source, in Q2 saw our greatest increase in our bank-related products to date

On June 22nd of last year, we issued a press release, uh, about an ID IQ contract installing ID card reading equipment and software for AT&T, a major telecom. Our products help the customers get to purchase a new iPhone quicker or to verify your identity when getting a new cell phone account.

This is an ongoing contract, and Intellicheck-branded products are currently at about thirty some percent of their national stores, and we continue that roll out.

Talk about another one we did a press release on recently. An agreement with Alliance Data Systems. This might be one of the most significant agreements in the

company's history, and this project is going well, and we expect to start realizing the full potential of that contract in the next few months.

As a reminder of that agreement, Alliance Data was the pilot--or ID check fast-form technology for potential applications and delivery of its credit card program provided to their retailers.

Now, Alliance Data currently manages nearly 90 branded credit card marketing programs for many of today's leading retail stores. This is a big move forward for our two companies, and Alliance Data will be able to offer our patented technology to their approximately 90 retail chains proving the speed, the security, the accuracy of their credit card application process.

Their pilot sites right now being tested and we expect to do a system-wide roll out schedule later in 2010.

Some of our regular customers, they continue to be repeat customers. L-1, Cross-Match [sp], TSQ, Fidelity National Information Services, now called FIS, and many other financial institutions. We continue to grow and support these customers while launching new pilots with other Care One partners.

We have several pilot projects with credit card application processes, and we're adding new ones. Successful completion of these projects result in roll outs to national retailers across the country.

I will need to add this is a little bit of a methodical process. it's not immediately overnight. It takes several quarters or, two or three quarters from when a company says, "This is cool technology. Do they test it at information technology group? Do they do

roll outs and pilot studies" at several of their stores across the country, and then they give us agreement to roll it out national wide.

We typically do not do a press release on that until it reaches the rolling it out nationwide. So, again, we have several retailers in the process of doing active pilot studies across the country. So, you actually may see some of our equipment in certain stores, um, testing us right now.

We continue to work with Barclay, GE Money and GE Capital and JP Morgan Chase to support their partners for credit card applications.

I am very pleased, and this is huge about our company, with the pipeline we're developing. We have many pilots being conducted and, frankly, they just were not in place just a few quarters ago and they are now.

Now, let's talk about wireless. Our Littoral sensor grid project is transitioning from, what I would call, a pure research and development project, into a commercialized product. That's the direction we are going with this. The R&D completed to date has resulted in designs for a next generation buoy system, a new electronics package, and a integration of a suite of sensors, both onshore and afloat, and these sensors include radiation detection, particularly with people called "dirty bomb sensors".

We also have chemical and biological sensing devices, and when these sensors are mounted on a buoy or integrated with other mission-critical components, the result is to provide a protective perimeter that is part of an integrated plan to shield our--to protect our citizens and our property from terrorist attacks.

Intellicheck Mobilisa's research and development work helps provide that early warning mechanism that identifies potential terrorist activity and allows time for U.S.

agencies to intercept those terrorists before they reach our--their targets for our ports of our country.

Now, potential customers who have--we've already met with and have expressed interest, supports in this next phase includes the Department of Homeland Security, the Coast Guard, United States Navy, the Director of National Intelligence, or DNI's office, the National Maritime Awareness Center, and the Defense Nuclear Detection Office, and the U.S. Custom and Border Patrol.

That's quite a list. This is a cool project, and it's making very good progress.

Obviously, the company's growth--growing the company is our number one focus. Growing the talents, the jobs, the useful products that saves lives and increase the revenue, that's how we get graded as a company. However, let me briefly mention a few words which base their performance of those awards on those exact same parameters which we received this quarter.

In June, we were named as a top three finalist for Entrepreneur of the Year for a technology company by Ernest & Young.

In May, we were ranked as the second fastest growing public company in Washington State. According to the [unintelligible] Business Journal, we had approximately 255 percent growth over their two year period of 2007 to 2009. Of all the companies that are in the Pacific Northwest Region, we were number two, missing out number one just by less than a percent and far ahead of the number three company.

Now, this is the fifth consecutive year that Intellicheck Mobilisa has made the Business Journal's fastest-growing list. In both 2006 and '07, prior to the merger, Intellicheck Mobilisa was enlisted amongst the fastest-growing private companies and,

subsequently, the merge company of Intellicheck Mobilisa has made the fastest-growing public company's list in 2008, 2009 and now in 2010.

Let's talk about the Board of Directors. I am very pleased to announce--and we did previously in a press release, but to mention it on this call that we appointed Mr. Woody McGee to our Board of Directors. Mr. McGee is currently the President and CEO of FleetPride, Inc. It's the nation's largest independent aftermarket distributor of heavy duty truck and trailer parts. He brings 40 years of management and board experience in wireless mobile computing, manufacturing electronics. He served on both public and private Boards of Directors in the position of Chairman as well as he will be the Chairman of our Audit Committee. Woody was the Chief Financial Officer of Tellzon. He did a very successful turnaround of that company selling off a group of their wireless Aironet to Cisco and, ultimately, growing that company being [unintelligible] by Symbol which is now owned by Motorola.

So, we are very pleased to have him in the Board and to be the Chairman with his extremely strong background in finance of our Audit Committee.

Okay, well, let's recap and then we'll get to the questions.

We've increased the revenue quarter-over-quarter by 11 percent. We were down 24 percent from last year. We probably had our strongest quarter-to-date without a big win, so our base sales are increasing.

We are pursuing multiple ID opportunities at TSA. We successfully completed our pilot test of our equipment--of our TWIC readers at The Port Authority of New York and New Jersey. We've secured more defense ID contracts. We added Lanell capability to our TWIC. We added FICC's authorizations, um, to our defense ID product.

We've created a public safety and security Advisory Board to ensure success of our newest product, Fugitive Finder. We've been named on the Fastest Growing List now for five years in a row. We've added a strong board member with both CFO and CEO experience, Woody McGee, and we remain committed to breaking into these new developing sectors while continuing to grow our current business area.

So, at this time, I'd like to address any questions that you have. Please clearly state your name and your organization that you're with, and try to succinctly state your comment or question and, out of respect for the other listeners, we won't take numerous follow-on questions, but if you want to ask additional questions, please do so, but just re-enter the question queue, and we'll be glad to do that.

So, thank you.

Operator: Thank you.

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

If you'd like to ask a question, you may press star-one on your telephone keypad. A confirmation tone will indicate your line is in the question queue.

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

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

Our first question comes from the line of Scott Goldstein, who's a private investor. Please proceed with your question.

Mr. Scott Goldstein: Yes, good afternoon.

I've been following the company for a while and I know you only touched briefly on--excuse me--airport security and, uh, I have been following a couple of other security companies, and Bob Lapenta from L1 mentioned in the last week a program which basically I found the program here is called the Credential Authentication Technology Boarding Pass Scanning System, CAT-BPSS.

This is basically stating, I guess, everything that you guys do. The only question I have for you is, "Are you guys working on anything like this?" Are you familiar with that program?"

Mr. Nelson Ludlow: Yeah, Mr. Goldstein, yes, we are aware of it, it's called Credentialing Authentication Technology or Boarding Pass Security Systems, CATBPSS.

Yes, we are aware of it, and, uh, here's what's cool about that program. It's a formal program by TSA to scan ID cards, to scan the boarding pass, to check if the ID is authentic, and to match that to the boarding pass. Yes, we're aware of it, I'm very proud that TSA is--not proud, but very happy that TSA is moving forward with that. We had a formal request for information. We responded to it. And in the last couple of days, we were announced that we made their down select process that we were one of the finalists.

Mr. Scott Goldstein: So, basically, we are involved in this program.

Mr. Nelson Ludlow: Yes, we're involved and we made the cut-off.

Mr. Scott Goldstein: Okay. Thank you very much.

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

Mr. Robert McCabe: Can you comment on the litigation the company is involved in?

Unidentified Man: Mr. McCabe, and who do you work for? EWM--?

Mr. Robert McCabe: EWM Investments, it's a private investment company.

Mr. Nelson Ludlow: Yeah, I feel very strong about the case and feel that we are in very good shape. As you may know, it is an early step in the litigation ICM [sp] brought a motion to dismiss, with prejudice, the case brought by EID Passport.

If that had been successful, the motion would have ended the case right then and there in an early stage. IDN would have avoided the rest of trial. The judge denied that motion, however, he noted that it was a close call. And, so, thus, the case moved forward and Intellicheck Mobilisa, views this as a frivolous lawsuit. We are in a very strong position. We're gonna continue to defend ourselves vigorously.

Mr. Robert McCabe: Okay. How soon--you're spending over a million dollars more this year than you've spent in the past in all this development. How soon do you expect to be able to develop some success from all the money you are spending?

Mr. Nelson Ludlow: Well, I think we are starting to see some of that right now. We--as I just said--.

Mr. Robert McCabe: --Do you think this will show up in the current calendar year?

Mr. Nelson Ludlow: Absolutely, and we're already starting to--we have significantly more things in the pipeline than we had before. We have more people that are working on this TSA, getting us into Homeland Security, and I believe that's the right thing to do.

My view is we're an early stage growth company and, as an investor in the company myself, what I've stated on previous calls is we need to not just ring out a

couple more percents of EBITDA, and say, "Look, we're little bit profitable." My goal is to grow the company significantly top line because we have that good of a product, we have that good of a future. And so, we are spending money to do that, and we are hiring new key people and, as a result, TSA just sent us a letter a few days ago saying we made the down select reading ID cards in airports.

Operator: Our next question comes from the line of Robert Edmond from Cherokee Capital. Please proceed with your question.

Mr. Robert Edmond: Yes, gentlemen, can you answer a couple of quick questions? Number one, there's been discussions in some other places that insiders have been net sellers of the stock. I don't see it, but there's a constant rumor about it. I wondered why insiders have been--haven't been a net buyer?

And number two, obviously, we've been following the company for years. Sales haven't exploded as fast as we all thought. It seems that the United States government was able to put a man on the moon faster than they're able to decide to secure our borders as well as secure our airports. What kind of hoops do you guys have to continuously jump through to get this done?

And if the TSA does decide that they want this product in the airports, etc., potentially what kind of size contract could you be looking at?

Mr. Nelson Ludlow: Okay. Let me write this down [unintelligible].

Okay, first question. Insider net sale orders I don't believe that's the case. You know, we'd have to file a Form 4. There isn't any to my knowledge of that. Since, we've done the merger, I don't know any of the managing people that have sold even one share.

My wife and I are significant investors in this company. I haven't sold any. We did file the Shelf Registration and in that it announces that we have the ability to sell some shares, but what I might point out, is there is already an active F3. Right after the merger, we could have sold all our shares. So, it actually lowered the amount of shares that we're saying we could.

Mr. Robert Edmond: Why would you have filed that shelf then?

Mr. Nelson Ludlow: There's several reasons. I'm gonna keep that option open. It's just extending it. I could've--there's a lot of, you know, rumors about that. But, I could have sold shares all along. I've now been with the company for well over two years and I haven't sold a single share. In fact, I've only bought shares. So, that rumor doesn't make any sense whatsoever.

So, okay, the--regarding TSA. In Homeland Security - sure it's a slow process, but I don't want to throw rocks at DHS. They got a tough job, and I'm very happy that they are taking steps forward.

And so, that CATBPSS program is a program that they've done some formal steps, they've evaluated companies, they've asked us a ton of questions, we've had several meetings with them. It's a formal program that's out there, and they did a down select and we made the finals list.

So, my view is they are making some progress. In fact, this is probably the most--best news that I've seen, anybody's had in a long time that here TSA is issuing a formal program to read ID cards at the TSA checkpoint and checking against boarding passes. That's good news and I think our products are ideally suited to that and as I answered on that first question, we did make the finalist list for them.

Operator: Our next question comes from the line of Elliott Knott from Knott Advisors. Please proceed with your question.

Mr. Elliott Knight: It's Elliott Knight at Knight Advisors.

I need a little bit of help with trying to figure out the potential size of the Fugitive Finder market. Do you have a size in mind? Let me start with that.

Mr. Nelson Ludlow: Yeah, Mr. Knight, yes.

Ah, 2.4 million law enforcement personnel in the United States and 18,500 different law enforcement organizations.

Mr. Elliott Knight: All right. Then, let's say, uh, how many of those 2.4 million would be equipped with the unit, and what would they have to pay per unit?

Mr. Nelson Ludlow: Well, we're still looking at a price point for it. I'm not--my favorite book is Crossing the Chasm, by Jeffrey Moore and he said, and I agree with this 100 percent. I'm never one that says, "If you just got 3 percent of that market, you get blah, blah, blah." It doesn't work like that.

You gotta--there's different parts of the market you have to--you gotta get the innovators, which is the stage we're in right now, and then try to shift to the early adopters and early majority. There's a different type of market. We're looking at partners to launch this out because we're a small company, and I'm not [inaudible] to think that a small sales direct force is gonna be able to touch all 18,500 law enforcement agencies. That's not realistic.

But, we do have the absolute best ability to start that product. So, the product--we're looking at several different form factors - the software - it's working great. We have it, we've tested it in different form factors. But, the product is--we sell to our

military bases for approximately \$7,000 a unit. And the same with our seaports is roughly the same.

The law enforcement product would have to be somewhat less than that, but above the \$1,000 price point.

Mr. Elliott Knight: Okay. Above a thousand and less than seven.

Mr. Nelson Ludlow:

Mr. Elliott Knight: Okay.

Could you discuss what you see as being the timeline, for the development of this product--looking out--leading up to when revenues might show up.

Mr. Nelson Ludlow: Well, we've actually made a little bit of revenues on it, but it's very small. My experience with these things and, for example, last year, we launched a product with the hospitality industry. And we've had some initial tests and things. But, until it really starts going, it typically takes 12 to 18 months from when you start launching a product and doing some tests until you get some real serious revenue when you start getting enough reference accounts that you shift out of the innovator stage into that early adopter, that early majority stage.

Operator: Our next question comes from the line of David Richards [sp] who is a private investor. Please proceed with your question.

Mr. David Richardson: Richardson.

How are ya?

Mr. Nelson Ludlow: Hi.

Mr. David Richardson: Can you hear me all right?

You know, I send you e-mails every day and every week and every month and you're very kind to come back. I think you guys are killing yourselves to get there. You've answered about every question I had. Very concerned about the lawsuit. You seem to think we're okay there. The shelf, I think was a mistake to do it that way because you certainly could have done it maybe after the stock had moved up. But, you know, that's over. There's a saying on Broadway, there's a show on Broadway, Nelson, that's called Promise and Promises and I'm praying and hoping you guys will deliver on just about everything you said this morning, which all sounds great.

Mr. Nelson Ludlow: Thanks, Dave.

Let me just comment a little bit. I'm writing some stuff down here.

Okay. I'm not worried about the lawsuit. I feel very confident about it. The claims are ridiculous and frivolous and we're in very good shape. The shelf registration, um, I have heard from a few people there's been a mistake. I've heard many others that it was a very good idea. Here's why I think it's a good idea.

It's a placeholder and it's exactly why the previous guy said, "Well, why would you put that in there?" We already have an F3 report. The shelf registration allows the company, if there's an opportunity to come up, we have that in place. It takes some time to put all this stuff in place. You can't just do it overnight. It's the responsible thing to do. You--we need this in place.

I'm not--I do not have a plan in front of me where I'm--that I'm gonna be selling shares. That's not what we have in our mind right now. But, we definitely reserve our CFO set. We definitely reserve the option. If we need to raise funds, absolutely we're gonna do it. And it--you know what? All companies have that option. All we did is--

instead of walking around with a weapon that isn't loaded, we have a weapon that is loaded, but there's still a safety on it and you still get to determine if and when you pull the trigger. So, that's all we've done.

It shouldn't be overly read into something, but what if and when TSA gives us a contract to do all those airports? Maybe then we need to raise some funding. It'll probably raise the stock price--I mean, who knows. But, it would put us in a different position. Then, people would say, What do you mean you didn't have anything set up to be able to meet that? So, all we did was to put that in place dozens and dozens of companies do this. It's the responsible thing to do - to have the ability if the board of directors and the management team say that all the conditions are right and it makes sense, then we would do it.

Let me talk about some of the previous press releases that I just don't think people track on because maybe this is a complex some what.

AT&T - we did this - we got a bump last year because we did sell [unintelligible]. We did some initial work with them given it's the best quarter we've ever had in our history which is the ones a year ago that we're comparing ourselves to. That was an IDIT contract, so we got more work to do with them as we're rolling out in stores. As I pointed out, we're at 30 some percent. That means there's still 60 some percent left to go.

That's already in place. We still get revenue from that contract. They're an existing customer. It's doing well for us.

Rooms to Go - is one we put out there. Same deal. We're continuing to work with our partners to roll more out equipment. We've had more equipment sold to banks this year--this quarter than ever. Those--that's no promises, those are all real things that

are growing and, as you all know, we're pushing hard on TSA. But, I'm a little worried that sometimes an event comes out or press conference and someone says, "You know, wow, look at this. We're going to get in to TSA" and the expectation is that it happens in a week.

Highly unlikely is the government gonna issue a contract within a week because of the Times Square Bomber.

But, what they do recognize, is there is a problem out there, they are methodically going through it, they issue the CATBPSS Program. They asked for us to send in information, and we got selected as a finalist. To me, that's a big deal. That's real and, I mean, we don't know exactly who the others are but there's probably a handful of these. And so, I'm very optimistic. We're doing exactly the right things, and we're continuing to grow.

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

Our next question comes from the line of Gus Allen from Georgia Financial.

Please proceed with your question.

Mr. Gus Allen: Good morning and good afternoon to you all.

Mr. Nelson Ludlow: Hi, Gus.

Mr. Gus Allen: It's Gus Allen at GA Financial.

Mr. Nelson Ludlow: Yes, Gus, good.

Mr. Gus Allen: Nelson, a simple question and perhaps you don't know the answer. Senator Schumer sent a letter to Janet Napolitano, and I'm curious if there's been any notion of what the response from her was?

Mr. Nelson Ludlow: Yes, Gus. Thank you for your call.

We've actually had four senators write different letters, Voinovich, Murray, Cantwell and Schumer - at different times have written letters recently to Secretary Napolitano as well as Congressman Dicks. We have logical products that can clearly make our country safer. They are going through steps to do that, and that's CATBPSS Program is one of them.

Senator Schumer's one is slightly different because he has identified a different set of funding outside of the CAT Program. And I don't want to say exactly which set of funding it is so that other companies that are trying to hoard in on that funding think they may have one. And I have had several big defense contractors contact us and want to dive in on that and partner with us because they see it as something of value.

They were working the process through them and so, to me, there's multiple paths that DHS is doing. We've had meetings with them. They are active. They have RFP's out there. So, that's been their answer, and I agree with it that they are taking steps forward.

Mr. Gus Allen: Another question. It's been noted in New York papers that local airports are now using or have ordered body scanners. That would seem to me to be aiming at a bit of a different target and I think I've heard you say that that's the wrong target--that your security system, IDN security system, is much more apropos to the issues.

Mr. Nelson Ludlow: Yes, let me say a couple of things. January 17, the Wall Street Journal evaluated several different technologies - said that we were the most affordable. We're, obviously a lot cheaper than those full body scanners. An article came out today about some of the security problems with the full body scanners. They had

claimed that they were not gonna record the images of the naked bodies that are being scanned, and they found several tens of thousands actually were recorded.

But, aside from the privacy issue, here's why you need both systems. So, I'm not saying there's a bad approach, you need both systems. Their system finds the bomb, our systems find the bomber. And U.S. has previously been a bit more focused on finding the bomb, countries, for example, such as Israel, can put much more emphasis on the other side of the equation of finding the bomber. A blended approach is probably the best way to go.

OSI Systems is one of the companies that makes those full body scanners, and by the way, they also did a shelf registration. So, we're not--it is certainly not unique that we filed a shelf. We have a very affordable approach. It makes sense, and I highly believe--in fact, TSA has already stated that they're looking for systems that read ID cards and have issued formal RFIs and plan to issue an RFP to actually do that. So, no, TSA is gonna do both.

Operator: Our next question comes from the line of Robert Edmund from Cherokee Capital. Please proceed with your question.

Mr. Robert Edmund: Dr. Ludlow, before I asked you and maybe you just forgot, but I asked you in a roundabout way, potentially all these contracts, if you were looking at them, if the TSA is gonna do this job effectively, put some kind of system in a majority of the airports as well as the TWIC program, etc. What do you think the potential size of these markets are in a rough number. We're not gonna hold you to it. I'm just trying to grasp the size of this market.

Mr. Nelson Ludlow: [Unintelligible.] TSA's initial one is 2,300 units purchased which would make it the largest one. I don't want to give the exact dollar of what we are gonna bid on for competitive reasons, obviously, but 2,300 units.

Mr. Robert Edmund: Twenty-three hundred--that would mean what? How many airports?

Mr. Nelson Ludlow: I'd have to ask TSA that, but I would imagine that would probably cover most of them. There are 700 TSA check lanes in the continental United States.

Mr. Robert Edmund: So--but, if you're talking about an airport, you're gonna screen people as they're walking in, I mean, wouldn't you have to have more than one unit in the airport. I mean, how many counters do you have?

Mr. Nelson Ludlow: Correct. There's 700 check areas in the continental United States for TSA check zones, and they're asking for 2,300 units. So, that's approximately 3 plus units per check zone. But, then, these zones vary tremendously from big ones to some smaller ones.

Mr. Robert Edmund: And who do you really view as your competition in this field?

Mr. Nelson Ludlow: Well, I'll leave that up to you guys to do, but let me just point one thing out though, we license our driver's license reading technology to dozens and dozens of other companies including L1 and others, so if someone else is gonna be doing this, there's an extremely high likelihood that they're using our software to read the ID cards. And, from--add to that, we believe that we are the best positioned company to

not just give the ID reading capability, but also the product and the integration of being able to put that and deliver those 2,300 units to PSA.

Operator: Our next question comes from the line of John Bendell [sp] from JBC Partners.

Please proceed with your question.

Mr. John Bendell: Yeah, hey, Nelson. A couple of follow-up questions.

One is--.

Mr. Nelson Ludlow: Hello, John.

Mr. John Bendell: How are you?

Whether it was me or not, as you well know, I wrote a letter to Senator Schumer whether it was anything to do with me coming out there, but I've never heard of a United States' Senator going to a publicly held, except for Boeing company and endorsing their product. In fact, I was very amazed that he would make the trip out there.

But, there was no follow up. Normally, Schumer gets on anything, the least little thing, he'll get coverage on one of the local stations here in New York, if not the national station. Nothing came about. I think there was a little blurb in one of the Long Island papers. I didn't see it, but I was told that it was. But, I would have thought this was a monumental happening when I heard he was out there and yet nothing followed up.

The second part, if I may, unless you'd like to answer that first--?

Mr. Nelson Ludlow: --Yeah, how about I answer that one first and then we'll go to the second one.

Yeah, well, thank you for writing a letter to Senator Schumer. I appreciate that and appreciate any of the shareholders. We've got good products, we save lives and any

help that we can get to have people recognize the value of that. The number one thing we usually get at a sales meeting is they said, "This is amazing. This thing works so easy. It works great. How come this isn't everywhere?" So, getting the word out's the number one thing.

I'm not completely amazed that Senator Schumer did it, because this is technology that was developed in New York State, and it's, uh--our Long Island office is a critical, extremely important office. I've spent a lot of my time there. This is--New York City has--lived 911. They understand it better than anyone. They have a different perspective of it. And so, Homeland Security isn't just a word to them.

So, I completely understand what Senator Schumer--here's a New York-based company that has the technology to help protect our New York airports and was right after the Times Square Bomber incident, and that guy was on the no-fly list. And I was interviewed by The Canadian Business News Network for nine minutes on their segment, and they asked a question, they were, like, "Well, how could this have happened, the guy got all the way in the airplane?" Well, there's a lot of different layers to security. If you make it to the first layer of security, which is a--up to the airline, in this case, a foreign airline's job is to determine if you're on the no-fly list. The guy bought tags last minute and got around that.

There isn't another layer of security that's gonna stop that guy until he actually gets onto the airplane and then they run the actual passenger name record against the no-fly list and customs border CBT [unintelligible] that actually found that the airplane was already cleared for take-off, taxiing out, and they called it back.

What Senator Schumer is saying, what we're saying is, "Wait a minute. With a change on that, if TSA had scanned the ID card, checked whether it's fake, you know, and all stuff. But, in addition to that, check if you're on the no-fly list, and that's kind of a new thing that we're still pushing on, trying to get them to do. But, if they did, they could have stopped that guy at the TSA checkpoint long before he boarded on the plane with everybody else or much worse, actually taxied out.

So, to me, it was very logical what Senator Schumer did. He's pointing out a change that needs to be made. It's good for jobs in New York. It's good for the security of our country.

And that Times Square Bomber got on JFK Airport. So, I mean, here it is just a few miles away from our office here on Long Island, and that guy was doing it. To me, all that makes sense.

At that press conference, I believe there were six television stations, several newspaper ones the Senator himself did a press conference.

But, my main goal out of this is not necessarily to get press to move a stock price or anything. It's to get the contract. And the good news out of that is, TSA has issued RFI, we have had meetings with them, they have bought some of our test equipment, they have tested us, they have had several things they have picked up, as a finalist in this, that our product is--meets the specs to be able to compete on the next part. And he did sent a letter to Napolitano. So, to me, those are actions that are more important than the other part.

Mr. John Bendell: Yeah, well, not mentioning--let's forget about the stock for a second, that will fall on any big contract, we know that.

First of all, do you think there's a chance that he will, um, get some type of press even going forward? Something that's picked up on it? Because the great thing about that is that someone that is not aware of Intellicheck, whether it happens to be a nuclear plant or whether it happens to be a large office building or whatever, sees that press conference and uses a product, orders a product, or more voters or people for Schumer are applauding him saying, "I understand you got a lot of calls" and it helps him at the polls trying to protect America. So, I'm surprised that he didn't get out there on television, the way he did on that news reel, and say, "Look, you know, this is something here that I'm gonna save your life." So, it was just a little--.

Mr. Nelson Ludlow: Well, I stood right next to him and my recollection was the Senator did say--.

Mr. John Bendell: --Yes, but it didn't get picked up by the national--.

Mr. Nelson Ludlow: --[Unintelligible] what is needed, and we should do it

Mr. John Bendell: Right.

Mr. Nelson Ludlow: I think he--I think all congressional help or citizens or companies or newspapers that say--it's one of these no-brainers, once you really get into it and you start pulling it apart, this system works. It's easy to use. It makes sense. It doesn't break very--I mean, it's reliable. It does the job, and, uh, it's super cost-effective. That's exactly what the--I mean, that's what the Wall Street Journal said, we're the most cost-effective one and it makes sense.

Mr. John Bendell: Right.

Mr. Nelson Ludlow: I think, I mean, more press is always good, but our main company focus is that the right key people at TSA understand it.

Mr. John Bendell: Right.

Just quickly on the last part, if you would, Nelson, on the F1, I'm one of the ones that, uh, somewhat disagree with you on that. But, I guess what I'd like to hear you say is in following it because in my studies companies have never had more than a few weeks to get it done on balance. When you did that in the last conference call, were you probably more anticipating an event that would have propelled the stock to a price where, you know, that's what you're there for, to sell some stock or to raise some money, number one.

And number two, would you care to say, uh, as people had said before, because we know we had a lot of negative comments from investors and short sellers about the S1 being done at a price that is not very, uh, not very appetizing to us. And you could say, "Well, I'm not gonna sell any at X or Y. I don't know how we put a price on that, but at \$1.40 or \$1.50 or \$1.80, after all the things you all have done and hopefully about to be done, that you would even think about selling any stock at \$2 or so. Could you make a comment on that?"

Mr. Nelson Ludlow: Yeah, absolutely.

Okay, regarding prediction of the stock, I don't really do that because, who knows, stock market's volatile. Sometimes, we put out a press release that we partnered with a company that's representing 90 retailers or we won an IDIT contract with probably the biggest dollar value in the company's history and moved it only a few cents. So, I honestly don't try to game it or think about what it may or may not do.

We did announce in a previous call that we intended to file a shelf. It had nothing to do with regard to the price. I think you mean F3, not F1, but if I'm wrong, let me

know. But, when we filed the shelf registration, we actually have to specify how many dollars could be raised under it - somewhat irrespective of what the current stock price is. Lots of companies file shelf registrations. It doesn't mean they're gonna do it. It means we put it in place.

Really, it's business decisions that I want to have the ability that if we find a company that's--that we want to acquire, we have the opportunity to at least consider it. If we win a big contract, and we want the ability to raise capital to be able to increase our cash flow so that we can be the best ones to meet that. I want to have that ability.

This is about opportunities, not about a specific thing.

And the last thing, let me just say, there was an F3 in place for myself and my wife on our shares, and we could have sold 100 percent of them. And I had lots--not lots I had a couple or a few shareholders or people calling "Oh my gosh, they're gonna be dumping their shares". All that, obviously, turned out not to happen. So, rather than look at the past, the number of shares that I have sold is zero, and I have actually bought shares since then, and I think everybody would admit, I have a rather large investment in this company.

So, it doesn't mean that we're immediately gonna do anything. It's an opportunity. But, let me add, I also reserve the right that if something makes sense business wise that the management team is on board, that the board of directors agrees, then we want to have the ability to be able to do it. So, it isn't gonna be some kneejerk reaction that doesn't make sense if and when we exercise a shelf.

Operator: There are no further questions in the queue.

I'd like to hand the call back over to management for closing comments.

Mr. Nelson Ludlow: Okay.

I just want to give it a minute to make sure, if you don't mind, because we've had in the past a couple of times someone tried to get back in and ask a question. I'll just wait here for a few seconds to make sure anyone else has a question. We'll be glad to answer any and all questions.

Operator, I don't see any other questions in the queue.

Operator: There are no other questions in the queue, sir.

Mr. Nelson Ludlow: Okay, well, investors and shareholders and analysts that are on the call, I appreciate your time.

What I'm excited about is I look at the potential of this company. I've think you've seen that--the terrorists aren't going away, that we do have a solution.

And I believe that we have a lot of opportunity, and we are gonna keep being in the position because it doesn't happen by luck, it goes to those companies that are prepared, and that's what we're gonna do. We're preparing to grow and be the company that provides these very important necessary products.

Thank you for your time.

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

Thank you for your participation.

You may disconnect your lines at this time, and have a wonderful day.