

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

Leon L. Nowalsky
Benjamin W. Bronston
Edward P. Gothard

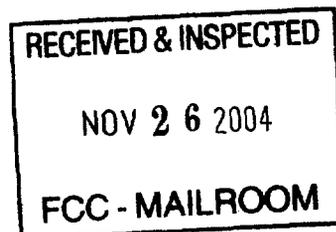
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

Monica Borne Haab
EllenAnn G. Sands
Bruce C. Betzer
Philip R. Adams, Jr.

November 23, 2004

Via Overnight Mail

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554



DOCKET FILE COPY ORIGINAL

RE: Intellicall Operator Services, Inc.
System Audit Report
CC Docket No. 96-128

Dear Ms. Dortch,

On behalf of Intellicall Operator Services, Inc., ("ILD") a wholly-owned subsidiary of ILD Telecommunications, Inc., and in accordance with the requirements of Section 65.1320(b) of the Commission's rules and pursuant to the Motion for an Extension of time filed on July 21, 2004, enclosed is the subject System Audit Report. The System Audit Report consists of the following:

1. The opinion of GSAssociates, Inc., an independent auditor for ILD Telecommunications, Inc., concerning the representation;
2. The opinion of McKean, Paul, Chrycy Fletcher & Co, independent auditors for Atlantax, the company engaged by ILD to process the compensation.

An additional copy of this letter has been enclosed to be date stamped and returned in the envelope provided as evidence of the filing.

Should you have any questions, please do not hesitate to call.

Sincerely,

Leon Nowalsky

LLN/rph

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Telephone (678) 687-1435
Fax (770) 889-5799
www.gsassociatesinc.com

Independent Accountant's Report

System Audit Report

Board of Directors
ILD Telecommunications, Inc.

We have examined ILD Telecommunications, Inc.'s compliance with FCC Order 03-235, during the period January 1, 2004 through September 30, 2004. Management is responsible for ILD Telecommunications, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on ILD Telecommunications, Inc.'s compliance base on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about ILD Telecommunications, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on ILD Telecommunications, Inc.'s compliance with specified requirements.

ILD Telecommunications, Inc. has engaged Atlantax, Systems, Inc. to process compensation to Payphone Service Providers (PSP's). Included herewith and made part of this report is their auditors' report concerning their compliance with FCC Order 03-235.

In our opinion, ILD Telecommunications, Inc. complied, in all material respects, with the aforementioned requirements for the period mentioned through September 30, 2004.

Edwin Natic, CPA
GSAssociates
November 10, 2004



Telephone (678) 687-1435
Fax (770) 889-5799
www.gsassociatesinc.com

System Audit Requirement

This System Audit Report is a result of a recent FCC Order (03-235), effective July 1, 2004, requiring Interexchange Carriers (IXC's) and Switch Based Resellers (SBR's) to establish and maintain a comprehensive Call Tracking System (CTS) which accurately reports and compensates Payphone Service Providers (PSP's).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor's report shall conclude whether the SBR complied in all material respects with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the SBR's procedures accurately reflect the Commission's rules, including the attestation reporting requirements.
- 2) Whether the SBR has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Where the SBR has effective data monitoring procedures.
- 4) Whether the SBR adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the SBR has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the SBR has procedures to incorporate call data into required reports.
- 7) Whether the SBR has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the SBR's have adequate and effective business rules for implementing and paying payphone compensation.



Telephone (678) 687-1435
Fax (770) 889-5799
www.gsassociatesinc.com

Our Audit

Our audit reports on the first four (4) factors listed in the Order. The guidelines used to conduct and prepare the report are established in the AICPA's Statements on Standards for Attestation Engagements (SSAE), specifically, SSAE 10, AT Section 101 *Attest Engagements* and AT Section 601 *Compliance Attestation*. Our report expresses complete compliance with the Order.

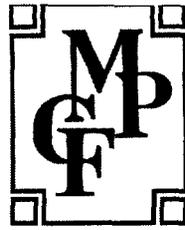
Because ILD has engaged a clearing house for processing compensation for the PSP's, factors five (5) through nine (9) of the Order are subject to the AICPA's Statement on Auditing Standards (SAS) 70 - Reports on Processing of Transactions by Service Organizations. The clearing house is required to engage an auditor to issue a compliance report regarding the remaining five (5) factors of the Order. That report is included herein and is hereby made part of our report.

ILD (along with their clearing house - Atlantax) have dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. The Controller, Joe Solana, is responsible for drafting necessary business requirements.
2. The Manager of IT Development, Chuck Nail, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. The Controller, Joe Solana, is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The Chief Financial Officer, Jill Gabriel, of Atlantax, is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The Chief Financial Officer, Jill Gabriel, of Atlantax, is responsible for developing compensation tracking reports.
6. The Chief Financial Officer, Jill Gabriel, of Atlantax, is responsible for dispute resolutions.

As part of our report, during our audit engagement, we conducted an independent test to verify compliance of ILD's Call Tracking System which resulted in a 100% call match.

Edwin Natic, CPA
GSAssociates
November 10, 2004



McKean
Paul, Chrycy
Fletcher & Co.
certified public accountants

6401 Southwest 87th Avenue
Suite 210
Miami, FL 33173

Phone (305) 270-0880
Fax (305) 598-1011
www.mpcf.com

**INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES IN
CONNECTION WITH THE DIAL AROUND COMPENSATION PROCESS OF ATLANTAX
SYSTEMS, INC. DURING THE PERIOD FROM JANUARY 1, 2004 TO JUNE 15, 2004**

Ms. Jill Gabriel
Chief Financial Officer
Atlantax Systems, Inc.
Plaza Square North, Suite 550
4360 Chamblee Dunwoody Road
Atlanta, GA 30341

Dear Ms. Gabriel:

At your request, we have performed the procedures enumerated below, which were agreed upon by Atlantax Systems, Inc., ("Atlantax" or "the Company") solely to assist you with evaluating the adequacy of Atlantax's Dial Around Compensation ("DAC") process during the period from January 1, 2004 to June 15, 2004. This engagement to apply agreed upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Atlantax. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Company's DAC processing occurs on a quarterly basis. Our agreed upon procedures encompassed certain aspects of processing for the fourth quarter of 2003 and the first quarter of 2004 which occurred during the period from January 1, 2004 to June 15, 2004. Our procedures and findings are as follows:

1. General Control Environment-

Procedure:

- a. Meet with Jill Gabriel, Atlantax's CFO and speak with Gary Rhodes, Atlantax's President to gain an overall understanding of management's attitude, awareness and actions concerning the importance of internal control and the emphasis placed on controls in the Company's policies, procedures, methods, and organizational structure.

Finding:

Meetings and conversations with the Company's CFO and President indicated that management places a high degree of importance on maintaining adequate internal controls and adherence to the Company's policies and procedures.

Procedure:

- b. Review the Company's policies and procedures as it relates to the DAC process for appropriateness and test them for compliance as considered necessary.

Finding:

We reviewed the Company's DAC processing policies and procedures and determined that they were appropriate. In addition, we performed certain procedures which verified that the Company was in compliance with their policies and procedures.

Procedure:

- c. Determine if procedures exist to identify significant changes in federal, state and local rules and regulations as it relates to the DAC process that have a significant effect on the Company and its customers.

Finding:

The Company subscribes to the Federal Communications Commissions ("FCC") Daily Digest which provides daily information on news releases and public notices issued by the FCC which allows the Company to monitor significant changes in federal, state and local rules and regulations which have an effect on its customers. In addition, the Company periodically monitors all FCC filings in regards to DAC processing CC Docket No. 96-128. Further, the Company is on the International Prepaid Card Association ("IPCA") e-mail distribution list and participates in their conference calls and attends forums on a regular basis.

Procedure:

- d. Review the Company's information technology security, back-up and off-site storage policies for adequacy.

Finding:

The Company's information and technology security, back-up and off-site storage policies were reviewed and certain areas were noted to require improvement including password security features, and a documented disaster recovery plan.

Procedure:

- e. Verify that the information system provides adequate reports for the Company and its customers.

Finding:

The Company generates, among other things, quarterly Call Data Record ("CDR") Summary Reports, Switch Based Reseller ("SBR") Payee Lists, and Payphone Service Provider ("PSP") DAC Payment Advices. These Reports are appropriate for processing CDR's received from SBR's, notifying SBR's of amounts due to PSP's, and paying PSP's for placed telephone calls.

2. Payphone ANI (i.e., telephone numbers) Data -

Procedure:

- a. Verify that data received is complete
 - Compare volume of ANI's to prior quarters for reasonableness

Finding:

The Company maintains a checklist to monitor that all known PSP's have provided their ANI's. We compared the Company's ANI database volume for each of the four quarters ending during 2003 and noted that the volume ranged between approximately 1.55 million (first quarter 2003) and 1.38 million (fourth quarter 2003).). It should be noted that the volume of the ANI database fluctuates based upon information submitted by the PSP's and the decline is consistent with industry trends.

Procedure:

- b. Verify that data received is accurate
 - Confirm all owned ANI's with selected PSP's

Finding:

On a test basis (i.e., six judgmentally selected) we confirmed the ownership of certain ANI's included in the database with the related PSP and noted that only two responded. These responses indicated that their ANI ownership information included in the database was accurate. For confirmations with no responses, we verified that the Company's checklist indicated that the related ANI's were submitted and properly included in the database.

Procedure:

- c. Review and test dispute resolution procedures (more than one PSP claims ownership of the same ANI)
 - Compare PSP information to LEC database
 - If dispute still exists – send letters to disputing PSP's requesting proof of ownership, either in the form of an LEC letter or a phone bill from an LEC

Finding:

We reviewed the Company's CDR Summary for the fourth quarter and verified that the Company resolved ANI ownership disputes by comparing ANI's claimed by more than one owner to the Local Exchange Carrier ("LEC") database. If the ownership dispute was not resolved by comparison to the LEC database, we noted that correspondence indicating ANI ownership conflicts were sent to the PSP for their review and related resolution documentation.

3. Call Detail Record (CDR) Data –

Procedure:

- a. Verify that data received is complete
 - Compare to trailer totals
 - Review Atlantax's confirms of receipt with SBR

Finding:

The SBR's download CDR's to the Company's File Transfer Protocol ("FTP") site on their network. These CDR's contain completed call data, which is then accessed and processed against the ANI Database and a CDR Summary Report is generated which indicates matched, unmatched and disputed ANI's. On a test basis we agreed the number of original record counts in the CDR's downloaded by the SBR's to the number of original record counts processed by the Company and noted on the CDR Summary. In addition, during June 2004, the Company implemented confirmation procedures with certain SBR's to verify that all CDR data downloaded to the FTP file were complete. We reviewed certain final confirmation correspondence between the SBR and the Company, which indicated that the number of original count records downloaded and accessed by the Company from the FTP file were all inclusive. It should be noted that prior to the Company's processing of the first quarter 2004 CDR's, an initial confirmation sent to one of the SBR's revealed that the CDR data downloaded by the SBR to FTP site was not complete and a new all inclusive download was subsequently sent.

Procedure:

- b. Verify that data received is accurate
 - Compare call levels with prior periods for reasonableness

Finding:

We reviewed the number of original record counts contained in the CDR database for each of the four quarters ending during 2003 and noted that the volume ranged between approximately 800,000 (first quarter 2003) and 1.05 million (second quarter 2003). It should be noted that the volume of original record counts contained in the CDR database fluctuate based upon placed telephone calls.

4. Compare ANI and CDR Data Sets-**Procedure:**

- a. There will be differences between the two data sets – CDR record may have no corresponding ANI data ("unmatched")
 - Review the Company's procedures for resolving those differences
 - Compute accrued liability for ANI's not in LEC database, for possible future payment when ANI data becomes available

Finding:

We reviewed the Company's CDR Summary Report for data processed relating to the fourth quarter 2003 and noted that there was a significant (i.e., 12%) number of unmatched ANI's as a result of the processing procedures (109,403 out of the 905,729 processed). It should be noted that a percentage of these unmatched ANI's do not require compensation from the SBR's due to the PSP's having alternative compensation arrangements (e.g., ANI's generated from correctional facilities). During June 2004, the Company implemented several new procedures to reduce the number of future unmatched ANI's.

Atlantax Uses its DAC Program to Determine Liabilities to PSP's-**Procedure:**

- b. Review how Atlantax updates payphone ownership records

Finding:

The PSP's and Aggregators provide to clearinghouses (i.e., Atlantax) and other payers a listing of all ANI's in service at the end of each quarter. ANI's are provided directly to Atlantax through e-mails, disks, and FTP sites. The Company compiles an ANI database (i.e., payphone ownership records) each quarter based upon these ANI lists received from the PSP's.

Procedure:

- c. Test the pricing of completed and identified calls for accuracy and completeness
- Total liability for the quarter should be total completed calls at \$0.24

Finding:

We reviewed the Company's CDR Summary Report, SBR payee list, and PSP payment advice for the fourth quarter 2003 and noted that all matched and undisputed ANI's were billed and paid by Atlantax on behalf of the SBR's to the PSP at a rate of \$.24.

Procedure:

- d. Test the payments to PSP's for timeliness and accuracy
- Payment is required within 90 days of quarter-end
 - Payment may be delayed if SBR does not remit funds to Atlantax for payment to PSP's

Finding:

On a test basis we reviewed cash receipt advice from the SBR's and cash disbursement advice to the PSP's and noted that in most cases payments were made to the PSP's within 90 days of the quarter end. It should be noted that certain PSP's were not paid by the Company within 90 days of the quarter end as one SBR did not submit their liability payment for the fourth quarter of 2003 until May 11, 2004.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information of Atlantax Systems, Inc. and other parties as considered appropriate by Atlantax and is not intended to be and should not be used by anyone other than these specified parties.

McKEAN, PAUL, CHRYCY, FLETCHER & CO.

Miami, Florida,
June 22, 2004