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WC Docket No. 05-196
WC Docket No. 04-36

Subscriber Notification Report

Attention:

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

September 22, 2005

InPhonex is an Interconnected VoIP provider offering services to clients around the world. As per the recent FCC ruling, we have notified our customers of the circumstances under which E911 service may not be available through the Interconnected VOIP Service or may in some way be limited by comparison to traditional E911 service.

During the first quarter of 2005, in an attempt to insure the safety of our customers, we started to notify on-line purchasers at InPhonex.com that 911 service is unavailable. We took this action on our own by inserting a message in the order process a new user must complete. At around the same time, we changed the General Service Agreement with our customers to include a section that explains that the VoIP service cannot call 911. The safety of our customers is paramount and we understand the importance surrounding the customers need to know if they cannot dial emergency services including 911.

At the time the FCC made their ruling known, we immediately began to plan our strategy to comply with the new directive. In order to use our best effort to communicate with all of our North American customers, we used a combination of methods. We are confident that we have met the requirements set by the FCC and will continue to do so to protect our clients.

We are tracking the acknowledgements submitted by our customers using date/time stamped entries into our Database. This method allows us to archive the acknowledgement and allows for additional acknowledgements if needed. This will also allow us to easily monitor the program on an ongoing basis and generate reports to substantiate future audits of the program.

Below is the plan we have implemented and manage on an ongoing basis:

All US Interconnected VoIP customers have received stickers. We continue to send new US Interconnected customers' stickers notifying them of the 911 limitations. In addition, new US Interconnected customers must acknowledge the 911 limitations prior to the service being activated for use.

At this time, 85.5% of our direct US Interconnected customers have acknowledged. Overall, Approximately 65.25% of our direct and indirect customers have acknowledged.

It is difficult to tell how many users will not acknowledge, our best estimate is that 10-15% of our direct US Interconnected customers will not acknowledge.

We have required our Private Branded Reseller Customers to acknowledge the 911 statements through a new services agreement. We have offered them a tool, which enables them to require their US Interconnected customers to agree to the statement in the event that they have such customers. At this point, 94.6% of our Private Branded Reseller Customers has acknowledged.

At this time, any user who tries to access their VoIP control panel can no longer do so until they acknowledge the 911 statements. We have prepared a series of email notifications that will we sent to those who still have not acknowledged once the FCC has made a decision that we are required to terminate service.

The first notification will warn that they have yet to respond to previous notifications and now have 15 days prior to service interruption. The second notification will be emailed with 7 days prior to service interruption. 5 days prior to service interruption we will mail a letter through the US Postal Service notifying them that their service is about to be interrupted and can be restored once they review and acknowledge the 911 statements.

We are also contemplating injecting a voice prompt prior to connecting calls for users that have yet to acknowledge the 911 statements. This prompt would notify them of the requirement and potential service interruption prior to connection their call.

Once the decision has been made that an account will be suspended for non-compliance we will play a recorded error message when a user attempts to make an outgoing call. The user will prompted to contact technical support to reactivate their account.

September 1, 2005

InPhonex is an Interconnected VoIP provider offering services to clients around the world. As per the recent FCC ruling, we have notified our customers of the circumstances under which E911 service may not be available through the Interconnected VOIP Service or may in some way be limited by comparison to traditional E911 service.

During the first quarter of 2005, in an attempt to insure the safety of our customers, we started to notify on-line purchasers at InPhonex.com that 911 service is unavailable. We took this action on our own by inserting a message in the order process a new user must complete. At around the same time, we changed the General Service Agreement with our customers to include a section that explains that the VoIP service cannot call 911. The safety of our customers is paramount and we understand the importance surrounding the customers need to know if they cannot dial emergency services including 911.

At the time the FCC made their ruling known, we immediately began to plan our strategy to comply with the new directive. In order to use our best effort to communicate with all of our North American customers, we used a combination of methods. We are confident that we have met the requirements set by the FCC and will continue to do so to protect our clients.

We are tracking the acknowledgements submitted by our customers using date/time stamped entries into our Database. This method allows us to archive the acknowledgement and allows for additional acknowledgements if needed. This will also

allow us to easily monitor the program on an ongoing basis and generate reports to substantiate future audits of the program.

Below is the plan we have implemented and manage on an ongoing basis:

All US Interconnected VoIP customers have received stickers. We continue to send new US Interconnected customers' stickers notifying them of the 911 limitations. In addition, new US Interconnected customers must acknowledge the 911 limitations prior to the service being activated for use.

At this time, 79% of our direct US Interconnected customers have acknowledged. Overall, Approximately 53% of our direct and indirect customers have acknowledged.

It is difficult to tell how many users will not acknowledge, our best estimate is that 10-15% of our direct US Interconnected customers will not acknowledge.

We have required our Private Branded Reseller Customers to acknowledge the 911 statements through a new services agreement. We have offered them a tool, which enables them to require their US Interconnected customers to agree to the statement in the event that they have such customers. At this point, 68% of our Private Branded Reseller Customers has acknowledged.

At this time, any user who tries to access their VoIP control panel can no longer do so until they acknowledge the 911 statements. We have prepared a series of email notifications that will we sent to those who still have not acknowledged once the FCC has made a decision that we are required to terminate service.

The first notification will warn that they have yet to respond to previous notifications and now have 15 days prior to service interruption. The second notification will be emailed with 7 days prior to service interruption. 5 days prior to service interruption we will mail a letter through the US Postal Service notifying them that their service is about to be interrupted and can be restored once they review and acknowledge the 911 statements.

We are also contemplating injecting a voice prompt prior to connecting calls for users that have yet to acknowledge the 911 statements. This prompt would notify them of the requirement and potential service interruption prior to connection their call.

Once the decision has been made that an account will be suspended for non-compliance we will play a recorded error message when a user attempts to make an outgoing call. The user will prompted to contact technical support to reactivate their account.

Phase I

All customers received a notification email as follows:

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Dear valued client,

The FCC recently required providers of "Interconnected VOIP Service" to notify their customers of the circumstances under which E911 service may not be available through the Interconnected VOIP Service or may in some way be limited by comparison to traditional E911 service.

The next time you login to your account, you will be required to acknowledge the 911 limitations. In order to avoid an interruption in service, please login to your account and review this information immediately and no later than 8-30-05. If you do not acknowledge by 11:59PM on 8-30-05, your account will be suspended and you will not be able to make or receive calls until you acknowledge.

As part of the FCC requirements, we have mailed you stickers to apply to the equipment used for the VoIP service. Please affix these stickers immediately and make sure to explain the 911 limitation to ALL users of the Interconnected VoIP service. If you do not receive the stickers by 8-17-05, please contact us so we can resend them.

InPhonex cares about its customers' safety and intends to comply with the FCC's E911 rules which require us to provide our Interconnected VOIP Service customers with E911 service no later than November 26, 2005. We are actively working on providing an E911 solution and will notify you, our customer when we make the E911 service available.

Thank you for your attention to this very important matter. Please click http://www.inphonex.com/account/cp.php to login and review the 911 information immediately.

The InPhonex Customer Service Team

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In conjunction with the email mentioned above, we restricted access to the customers on-line user control panel until they viewed and agreed to this statement:

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The FCC recently required providers of "Interconnected VOIP Service" to notify their customers of the circumstances under which E911 service may not be available through the Interconnected VOIP Service or may in some way be limited by comparison to traditional E911 service.

This notice is to notify you that we do not provide E911 service at this time.

Therefore, we recommend that you always maintain a means of accessing traditional wire

line 911 emergency services.

We care about our customers safety and intend to comply with the FCC's E911 rules which require us to provide our Interconnected VOIP Service customers with E911 service no later than November 26, 2005. At this time we are actively working on providing our customers with an E911 solution and will notify you when the E911 service is available.

If you do not affirmatively acknowledge your receipt and understanding of this notice by August 30, then we may be required to disconnect your VOIP Service.

If you have any questions, please contact us at your convenience.

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All new accounts must confirm they have reviewed the 911 limitation statement before their account can be used to make or receive calls. To accomplish this, we inserted an additional step in our order provisioning that requires the customer to review and accept the statement mentioned above.

In addition to the electronic communication mentioned above, all North American customers were sent a letter explaining the 911 limitations. This letter included stickers that they can apply to the equipment connected to the VoIP service. We mailed the stickers using the US Postal Service and they stated:

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e911 Notice for VoIP Phone Service
This device does not support 911 services. Do not depend on this phone in emergency situations.

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InPhonex has made it very clear to its customers that their service will be restricted as of 11:59:59 PM on 8-29-05 if they have not yet reviewed and accepted the 911 limitation statement. We intend to continue to communicate with customers that do not accept the agreement until every customer has accepted or is no longer an Interconnected VoIP customer.

We have updated the public areas of our web site to prominently show prospective customers the 911 limitations so they understand clearly prior to placing an order for new service.

http://www.inphonex.com/support/support.php

InPhonex has a reseller channel called VarPhonex. We have emailed all resellers and

request that they acknowledge the 911 limitation statement. The email included a sticker template so they can provide the stickers to any North American Interconnected customers they have provided VoIP service. We have implemented a tool that requires all new reseller orders to follow the same acknowledgment as mentioned above. In addition, we have notified all resellers that their customers will be required to agree or be terminated by dates mentioned above.

In order to insure that the resellers comply, we have blocked access to the Reseller Administration Panel where resellers manage their accounts. In order to regain access to this area, the reseller will be required to accept our new Reseller Agreement Which includes a section regarding 911. Here is the copy of the email sent to our resellers:

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Dear Valued Partner,

The FCC recently required providers of "Interconnected VOIP Service" to notify their customers of the circumstances under which E911 service may not be available through the Interconnected VOIP Service or may in some way be limited by comparison to traditional E911 service. The next time you login to RAP you will find that we have updated our reseller agreement to include the e911 statement.

In an effort to notify all users about this issue, we have created some tools to manage this. In the Reseller Information section of RAP you will see three new fields:

E911 URL:
E911 Date:
E911 Required:

The system will now require that the 911 statement located at: http://varphonex.com/e911.shtml be acknowledged each time you activate a new customer. The system is flexible enough to allow you to create and add your own 911 statement so you can change the wording or language. The user will not see this URL.

Should you decide to create your own page, you will enter the URL where the page you created is located in the field marked E911 URL: in the Reseller Information section of RAP.

As of midnight on 8-10-05, all current customers will be required to agree the to statement the next time they attempt to login to the User Control Panel. We will archive this information for future reporting and potential audit by the FCC.

The field marked "E911 Required:" deals with new users that you sign up. Each new user (or you on their behalf) will be required to agree to the statement prior to their account being activated for use. New customers will hear an error message when they attempt to make calls before agreeing to the 911 statement.

In order to avoid an interruption of service, please login to RAP and review this information immediately but no later than 8-29-05. If you do not acknowledge by 11:59PM on 8-29-05, your reseller account will be suspended and your customer accounts will not have access to make or receive phone calls.

The FCC requirement is complex and should be researched if you have any questions as we are unable to offer legal advice. It is our belief that this ruling requires customers with DID Incoming Phone Service (or otherwise referred to as "Interconnected Customers") and are located in the United States be notified of the 911 limitation and offered Stickers.

As part of the FCC requirements, we have attached a PDF containing stickers to apply to equipment used for the VoIP service. As we do not communicate directly with all users, it is your responsibility to provide these stickers to your users so they can affix them to the devices used for the VoIP service. In addition, we have included a generic letter you can use to notify them of and explain the 911 limitation. Users should be instructed to alert ALL other users they allow to use the Interconnected VoIP service that the service should not be used in emergency situations.

VarPhonex cares about you and your customers' safety and intends to comply with the FCC's E911 rules which require us to provide our Interconnected VOIP Service customers with E911 service no later than November 26, 2005. We are actively working on providing an E911 solution and will notify you when we make the E911 service available.

Thank you for your attention to this very important matter. Please click https://www.inphonex.com/secure/secure-login.php to login and review the 911 information immediately.

The VarPhonex Customer Service Team

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As the majority of our resellers are located outside North America and do not have US customers they will not need to comply with the FCC ruling. We have systems in place to insure that all Interconnected North American customers of any reseller will be forced to agree to the 911 statement by 11:59:59 on 8-29-05.

We are confident that we had a prudent 911limitation notification process in place prior to the FCC ruling and have since enhanced the program to comply with the ruling. We respectfully request the offered extension through 8-30-05 so our customers have time to react to our notification.

InPhonex has established a 911 Task Force to manage responsibility for the company's compliance efforts with the VoIP E911 Order.

InPhonex.com, LLC 911 Task Force

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The task force can be reached at:

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