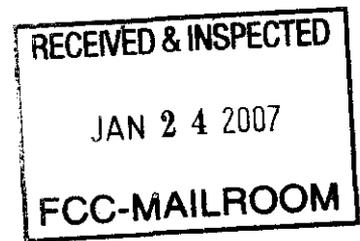


RELIANCE CONSULTING, INC.

A DELAWARE CORPORATION



**INDEPENDENT AUDITOR'S SYSTEM REPORT
ON ARIES NETWORK, INC.
FOR DIAL-AROUND COMPENSATION (DAC)
AS REQUIRED BY FCC ORDER 03-235
DOCKET No. 96-128
RULES: 64.1300 – 64.1340**

**4TH QUARTER – 2006
(10/01/2006 – 12/31/2006)**

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Independent Auditor's Report

System Audit Report

To:

Board of Directors
Aries Network, Inc.

Reliance Consulting, Inc. have examined Aries Network Inc's (hereinafter "Aries Network) call tracking systems for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, Rules 64.1300 -64.1340 for the period 2006-Q4, 2006 (October 1 to December 31, 2006). Aries Network is responsible to be in compliance with the FCC requirements mentioned above. Our responsibility is to express an opinion on Aries Network compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives namely that Aries Network's call tracking system accurately tracks payphone calls to completion and that Aries Network satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

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 Aries Network'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 Aries Network's compliance with specified requirements.

In our opinion, Aries Network complied, in all material respects, with the aforementioned requirements for the period mentioned: 10/01/2006 to 12/31/2006. Aries Network has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that Aries Network's call tracking system accurately tracks payphone calls to completion.

Reliance Consulting, Inc.

October 1, 2006

Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), 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.

Audit Process & Procedures

Our audit reports on all nine (9) points 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*.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
 - a) *Objectivity* - free of bias
 - b) *Measurability* - reasonable consistent measurements, qualitative or quantitative, of subject matter.
 - c) *Completeness* - sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
 - d) *Relevance* - criteria relevant to the subject matter.
- 4) Maintain an Independence mental attitude in all matters relating to the engagement.
- 5) Exercise Due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

PAYPHONE COMPENSATION POLICIES & PROCEDURES

Aries Network has established and documented policies & procedures specifically in compliance with the Dial Around Compensation FCC order. These include, but are not limited to:

1. Backup Policy
2. Core Security / Critical Data Requirements Policy
3. Defect Tracking Process
4. Software Quality Testing Process
5. Change Control Policy

6. Host / Server Security Policy
7. Password Policy
8. Log Tracking & Archive Process
9. Physical Security Policy
10. Information Access Control Policy
11. Monitoring Policy
12. Firewall Policy

RESPONSIBLE DEDICATED STAFF

Aries Network has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. Sam Khalaf, Vice President, is responsible for drafting necessary business requirements.
2. The IT Manager, Francis Malama, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. The IT Manager, Francis Malama, is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The IT Manager, Francis Malama, is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The Systems Administrator, Francis Malama, is responsible for developing compensation tracking reports.
6. The Vice President, Sam Khalaf is responsible for dispute resolutions.

DATA MONITORING PROCEDURES

Aries Network has developed a systematic reporting process to generate monthly and quarterly reports on payphone call counts, PSP identities, numbers called, and info digits used.

These reports reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.

- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

COMPENSATION ASSURANCE PROTOCOLS

Aries Network has established procedures which guarantee that the company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in aforementioned procedure section and do not adversely affect its call tracking capabilities.

COMPENSABLE CALL FILE AND REPORTING

Aries Network pulls all data directly from Carrier and Company CDR and prepares online reports for utilization in the compensation process. Reliance Consulting, Inc. determined that this file contained all the necessary data to perform the ANI match and to prepare detailed reports for compensation to each separate PSP or Aggregator.

DISPUTE RESOLUTION PROCEDURES

Aries Network had assigned Francis Malama, as the individual responsible for processing payments to PSP's and aggregators and for managing the in house payphone compensation system. This individual is most capable of handling disputes arising from the compensation method.

Independent Payphone Call Tracking System **Matching Test**

PAYPHONE CALL TRACKING SYSTEM TEST

Reliance Consulting, Inc. has determined that call testing is not appropriate for the following reasons. Aries Network product line is primarily residential customers who are given a long distance PIN which allows them to make calls while traveling. In some cases these calls are made from payphones. This accounts for 95% of their call volume and 98% of call revenue. Traditional prepaid calling cards are less than 5% of the call volume generated, and fall below our audit threshold.

Reliance Consulting, Inc. utilized trend analysis to validate that Aries Network is indeed capturing all payphone calls. We also reviewed switch CDR reports and payment reports for various PSP's.

All necessary information, related to call origination, required to record payphone calls appears. Aries Network defines procedures for identifying the accurate Payphone Operator code from the ANI data transmission and, further, identifies their coding procedures for segmenting completed calls with payphone codes.

Reliance Consulting, Inc. reviewed payments to several PSP's and the associated reports and found it to be conclusive and accurate.

CROSS REFERENCE VERIFICATION

Reliance Consulting, Inc. completed the independent test of Aries Network's CDR log and confirmed that 100% of test calls completed appeared in the extract. This indicates that Aries Network has developed the necessary programmatic approach to acquiring call data to completion.

Audit Conclusions

FCC RELEVANT RULES ACCURATELY STATED

Aries Network has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.

- Late payments per IRS overpayment rate.
- Data Storage Requirements.

ESTABLISHED SECURITY PROTOCOLS

Aries Network has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel.

Monitoring tracking systems have been installed to limit access to the company's call tracking system.

Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.

AUDIT FINDINGS

Aries Network Inc, dba Aries Telecommunications, a Nevada corporation (registered to do business in California) with headquarters in Burbank California since 2001, is a facilities based reseller of telecommunications services. As a reseller the Company generates 98% of its long distance revenues from residential 1+ and 5% from prepaid calling card internet sales.

Reliance Consulting, Inc. audited the company's call tracking and compliance system and found it to be complete and functional. The company is able to track payphone calls to completion and provide data necessary to produce compensation reports.


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01/03/2007