Received & Inspected
FEB 22 2008
FCC Mail Room

DOCKET FILE COPY ORIGINAL

GSAssociates, LLC.
Business Partners and Certified Public Accountants

February 20, 2008

Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128

Dear Ms. Dortch:

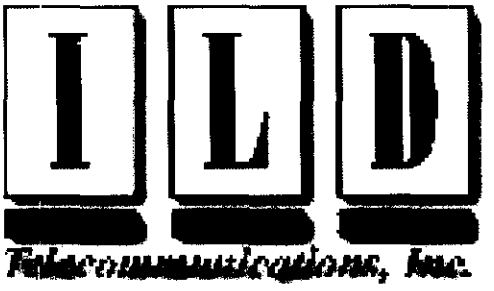
Attached please find ILD Telecommunications payphone compensation compliance report which we have prepared. ILD Telecommunications is required to conduct and submit a payphone compensation audit and report to the FCC per the requirements of 47 C.F.R. Section 64.1310, as discussed in the FCC Report and Order released on October 3, 2003 in the above docket. Please let me know if you have any questions.

Sincerely,

Joe Solana
Managing Partner

No. of Copies rec'd 0
List ABCDE

1200 Old Alpharetta Road, Alpharetta, Georgia 30005
Telephone (678) 527-2155 Fax (770) 889-5799
www.gsaudits.com



Independent Auditor's System Report
For Payphone Compensation
As required by FCC Order 03-235
Docket No. 96-128

1200 Old Alpharetta Road, Alpharetta, Georgia 30005
Telephone (678) 527-2155 Fax (770) 889-5799
www.gsaudits.com

Table of Contents

TABLE OF CONTENTS 2
INDEPENDENT AUDITOR'S REPORT 3
SYSTEM AUDIT REPORT 3
OVERVIEW OF SYSTEM AUDIT REQUIREMENTS 4
AUDIT PROCESS & PROCEDURES 5
PAYPHONE COMPENSATION POLICIES & PROCEDURES 6
RESPONSIBLE DEDICATED STAFF 6
DATA MONITORING PROCEDURES 7
COMPENSATION ASSURANCE PROTOCOLS 7
COMPENSABLE CALL FILE AND REPORTING 7
DISPUTE RESOLUTION PROCEDURES 7
INDEPENDENT PAYPHONE CALL TRACKING SYSTEM MATCHING TEST 8
PAYPHONE CALL TRACKING SYSTEM TEST 8
ALTERNATE COMPENSATION AGREEMENTS 8
AUDIT CONCLUSIONS 9
FCC RELEVANT RULES ACCURATELY STATED 9
ESTABLISHED SECURITY PROTOCOLS 9
AUDIT FINDINGS 9
ATTACHMENT 1: ATLANTAX SAS 70 10

GSAssociates, LLC.
Business Partners and Certified Public Accountants

Independent Auditor's Report

System Audit Report

Board of Directors
ILD Telecommunications, Inc.

We have examined ILD Telecommunications call tracking systems for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period ending September 30, 2007. Management is responsible for ILD Telecommunications compliance with those requirements. Our responsibility is to express an opinion on ILD's 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 ILD's call tracking system accurately tracks payphone calls to completion and that ILD 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 ILD'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 Telecommunication's compliance with specified requirements.

In our opinion, ILD complied, in all material respects, with the aforementioned requirements for the period mentioned through September 30, 2007. ILD has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that ILD's call tracking system accurately tracks payphone calls to completion. The description of policies and procedures concerning Payphone Compensation at ILD as of September 30, 2007, as well as information concerning tests of the operating effectiveness and payments made includes the period of Q2 2007. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at ILD is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of ILD Telecommunications, Inc. and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates, CPA's

GSAssociates, LLC.
December 31, 2007

1200 Old Alpharetta Road, Alpharetta, Georgia 30005
Telephone (678) 527-2155 Fax (770) 889-5799
www.gsaudits.com

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), Local Exchange Carriers (LEC'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, LEC, or IXC 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 independent 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.

Because ILD has engaged a clearinghouse for processing compensation to the PSP's, factors six (6) and seven (7) in their entirety and eight (8) and nine (9) collectively 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 compliant report regarding the four (4) factors of the Order mentioned above. That report is included herein and is hereby made part of our report. However, it is important to mention that the use of a clearinghouse does not remove responsibility from the company for all points of the order.

ILD has also executed an opt in agreement with MCI/Verizon for its switchless toll free traffic which primarily handles ILD reseller traffic. ILD provided GSA with documentation to substantiate this fact. ILD has also identified a large number of calls which are not compensable by virtue of agreements in place with customers by which it transfers liability for compensation. ILD has provided GSA with copies of these agreements for validation.

PAYPHONE COMPENSATION Policies & Procedures

ILD Telecommunications 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

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

1. Robin Collins, VP Operations is responsible for drafting necessary business requirements.
2. The IT Manager, Carlos Hernandez, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. VP of Operations, Robin Collins, is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The IT Manager, Carlos Hernandez, is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The VP of Finance, Jeff Smith, is responsible for developing compensation tracking reports.
6. The VP Operations Robin Collins is responsible for dispute resolutions.

Data Monitoring Procedures

ILD Telecommunications has developed a systematic reporting process to generate monthly and quarterly reports on payphone call counts, 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

ILD Telecommunications 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 the aforementioned procedure section and do not adversely affect its call tracking capabilities. ILD management has certified that to the best of their knowledge no unauthorized changes have occurred in systems related to payphone compensation, and that all changes have been reviewed and authorized by management.

Compensable Call File and Reporting

ILD Telecommunications pulls all data directly from Carrier and Company CDR and prepares online reports for utilization in the compensation process. GSAssociates 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. ILD provided its Q2 2007 reports for verification and matching against Clearinghouse reports.

Dispute Resolution Procedures

ILD Telecommunications had assigned their VP of Finance, Jeff Smith, as the individual responsible for processing payments its Clearinghouse Atlantax and for managing the in house payphone compensation system. The VP of Operations, Robin Collins is most capable of handling disputes arising from the compensation method. GSAssociates has reviewed two disputes in 2007. We found that ILD reviewed and resolved the disputes to the satisfaction of the PSP's involved.

Independent Payphone Call Tracking System Matching Test

Payphone Call Tracking System Test

Because ILD Telecommunications operates as a reseller of telecom services and an Outsource Services provider, GSAssociates could not conduct an independent CTS test. In order to test the accuracy of the call tracking system, ILD provided GSA with a data set of calls its system captured to compare with carrier records. This was tested against files sent to their billing clearinghouse Atlantax. We determined the following:

1. All necessary information, related to call origination, required to record payphone calls appears. ILD Telecommunications 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.
2. Toll Free Number was present. This is used to determine if compensation should be paid, or not paid based on alternative compensation agreements.

In addition, since ILD operates under an opt in agreement for certain toll free numbers with MCI/Verizon, no call testing or validation is necessary. GSA assumes that the IXC is audited and is compliant. ILD did provide us with a recent invoice indicating that the opt in agreement is in effect and that the IXC is collecting funds from ILD.

Alternate Compensation Agreements

The preponderance of payphone originated calls that ILD receives are related to its operator services operation. ILD through contractual arrangements transfers the liability for payphone compensation to its clients. ILD provided GSA with updates to previous lists and copies of contracts, waivers, and addendums which specify assumed liability on the part of the client. These documents indemnify ILD from paying compensation to the PSP's directly for toll free numbers associated with these agreements.

Audit Conclusions

FCC Relevant Rules Accurately Stated

ILD Telecommunications 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.
- Dispute resolution
- Data Storage Requirements.

Established Security Protocols

ILD Telecommunications 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

ILD Telecommunications, a Delaware Corporation, with principal operations in Ponte Vedra Beach, Florida since 1995, is a reseller of long distance, long distance products and a provider of telecommunication Outsourced Services. ILD primarily provides these services from its operations in San Antonio and Dallas, Texas.

GSA audited and validated payments made through Q2 of 2007. The Company is in compliance for the period audited and compensation has been appropriately made to the PSP's or aggregators for the period. GSA has further verified that ILD has a viable compensation system that accurately tracks and reports payphone calls.

Attachment 1: Atlantax SAS 70

Atlantax Systems, Inc.

Independent Service Organization Auditor's Report
For Payphone Compensation
As required by FCC Order 03-235
Docket No. 96-128

Table of Contents

TABLE OF CONTENTS **11**

INDEPENDENT SERVICE ORGANIZATION AUDITOR'S REPORT **12**

OVERVIEW OF SYSTEM AUDIT REQUIREMENTS **14**

AUDIT PROCESS & PROCEDURES **15**

CONTROL OBJECTIVES **16**

CONTROLS & RESULTS **16**

- RESPONSIBLE DEDICATED STAFF 17
- DATA MONITORING PROCEDURES 17
- COMPENSATION ASSURANCE PROTOCOLS 18
- ***COMPENSABLE CALL FILE AND REPORTING*** 18
- DISPUTE RESOLUTION PROCEDURES 18
- COMPENSATION VERIFICATION 19

AUDIT CONCLUSIONS **19**

- FCC RELEVANT RULES ACCURATELY STATED 19
- ESTABLISHED SECURITY PROTOCOLS 19
- AUDIT FINDINGS 20

Independent Service Organization Auditor's Report

Board of Directors
Atlantax Systems, Inc.

We have examined the accompanying description of compensation system controls (and policies and procedures) of Atlantax Systems, Inc. ("Atlantax") for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period of April 1, 2006 to March 31, 2007, applicable to recordkeeping, reporting, and payment services provided by Atlantax to its clients. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of Atlantax's controls relevant to the FCC Order (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of March 31, 2007. The control objectives were specified by Atlantax's management. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of Atlantax's controls that had been placed in operation as of March 31, 2007. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily.

In addition to procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, listed in the ***Control Objectives*** section, to obtain evidence about their effectiveness in meeting the control objectives during the period from April 1, 2006 to March 31, 2007. The specific controls and the nature, timing, extent, and results of the tests are listed in the ***Controls & Results*** section. This information has been provided to Atlantax's user organizations and to their auditors to be taken into consideration, along with information about the internal control structure at Atlantax. In our opinion, the controls that were tested, as described in the ***Controls & Results*** section, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives were achieved during the period examined.

The relative effectiveness and significance of specific controls at Atlantax and their effect on assessments of control risk at Atlantax client users are dependent on their interaction with internal controls, and other factors present at individual user clients. We have performed no procedures to evaluate the effectiveness of internal controls at individual user clients.

The description of controls concerning Payphone Compensation at Atlantax as of March 31, 2007, as well as information concerning tests of the operating effectiveness and payments made includes the period of Q3 2006. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls at Atlantax is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Atlantax Systems, Inc. and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates, CPA's

GSAssociates, LLC
July 31, 2007

1200 Old Alpharetta Road, Alpharetta, Georgia 30005
Telephone (678) 527-2155 Fax (770) 889-5799
www.gsaudits.com

Overview of System Audit Requirements

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004 (the "Order"), requiring Interexchange Carriers (IXC's), LEC's, CLEC's and Switch Based Resellers and their Clearinghouse designee (herein collectively or individually referred to as a "Carrier"), 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 CARRIER complied, in all material respects, with the factors set forth below:

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

Audit Process & Procedures

Atlantax Systems Inc, a Georgia Corporation operating since 1999, provides clearinghouse services to its clients. These services require Atlantax to capture completed payphone originated calls from its clients, match those records with PSP and LEC ANI ownership records, and remit payment to PSP's. Since Atlantax is providing clearinghouse services to its clients, this audit focuses only on compliance with the last four (4) points listed in the order:

6) Whether the Carrier has procedures to incorporate call data into required reports.
7) Whether the Carrier 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.
9) Whether the Carrier's have adequate and effective business rules for implementing and paying payphone compensation.

Atlantax makes no representations as to the accuracy of the data provided by its clients, and assumes no fiduciary liability for its clients, except were noted in its agreements regarding services it provides. The guidelines used to conduct and prepare the report are established in the AICPA's Statement on Auditing Standards (SAS), specifically, SAS 70.

Those standards required that we:

7) Have adequate technical training and proficiency in the attest function.
8) Perform the attest function using practitioners having adequate knowledge of the subject matter.
9) 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.
10) Maintain an Independence mental attitude in all matters relating to the engagement.
11) Exercise Due professional care in the planning and performance of the engagement.
12) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

This audit focuses on Q4 2006 which is the last full quarter that Atlantax has remitted compensation, for its clients.

Control Objectives

Atlantax has controls in place which insure that:

- Access is limited to the compensation system
- Proper authorization is needed to modify software
- Atlantax has a dedicated and responsible staff
- Data and Systems are monitored regularly
- Trend reporting is available and utilized
- Atlantax must stay current with FCC guidelines
- Payment rates conform to FCC regulations
- Data is retained per FCC guidelines
- Payments are made in a timely basis to PSP's and Aggregators
- Every effort is made to insure that PSP ownership is verified
- Reports are prepared to identify fraudulent payphone ownership
- Reports are available to assist in dispute resolution

Controls & Results

Controls - Policies & Procedures

Atlantax has designed and implemented an in house compensation system, DACPAC, solely for the purpose of calculating and remitting payphone compensation. Atlantax has established and documented policies & procedures for DACPAC that are specifically designed to keep this system in compliance with the current Dial Around Compensation FCC order. These include, but are not limited to:

13. Backup Policy
14. Core Security / Critical Data Requirements Policy
15. Defect Tracking Process
16. Software Quality Testing Process
17. Change Control Policy
18. Host / Server Security Policy
19. Password Policy
20. Log Tracking & Archive Process
21. Physical Security Policy
22. Information Access Control Policy
23. Monitoring Policy
24. Firewall Policy

Responsible Dedicated Staff

Atlantax has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning its compensation system as follows:

7. Jill Gabriel, CFO, is responsible for drafting necessary business requirements.
8. George Gavagon, Information Technology, is responsible for developing & maintaining systems to match client records with ani ownership records.
9. Linda Hughes, DAC Operations, is responsible for implementing & maintaining procedures that check the validity of matched and unmatched payphone records.
10. Linda Hughes, DAC Operations, is responsible for implementing & maintaining procedures that create final compensation data sets.
11. Linda Hughes, DAC Operations, is responsible for developing compensation tracking reports.
12. Linda Hughes, DAC Operations, is responsible for dispute resolutions.

GSAssociates conducted interviews with the responsible personnel and found them to be competent and qualified to provide services to its clients.

Data Monitoring Procedures

Atlantax has developed a systematic reporting process to generate monthly and quarterly reports on client payphone call counts, PSP identities, match/no match records, and suspense records.

These reports reflect:

f) Trends of client CDR volumes entering their payphone compensation systems.
g) Possible fraud regarding ownership of payphone ANIs.
h) Trends of matched vs. unmatched records by client.
i) The capability to develop customized reports to help resolve disputes.
j) Capacity to produce other appropriate trending reports.

GSAssociates had previously reviewed and documented these reports as valid and functional, management attest that their have been no material changes to these reports and that they are still in use by client.

Compensation Assurance Protocols

Atlantax 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. Atlantax subscribes to several FCC publications and attends industry conferences to stay abreast of current regulations.

GSAssociates had previously reviewed these procedures with the client and found them adequate and comprehensive. Client attests that these procedures are still in affect and no material change has been made.

Compensable Call File and Reporting

Atlantax retrieves all client data directly from its secure FTP site and prepares online reports for utilization in the compensation process. This data is supplied by the client to Atlantax in pre-approved formats. Atlantax receives this data in most cases monthly, and begins processing after the close of the current quarter. During this subsequent quarter Atlantax is processing data, resolving ownership disputes, and billing its clients. Payments to PSP's and Aggregators are processed and submitted by the 1st. business day of the 2nd. quarter following the quarter that is being processed.

GSAssociates determined that this file contained all the necessary data to perform the ANI match, bill its clients and to prepare detailed reports for compensation to each separate PSP or Aggregator. Atlantax uses the current FCC per call rate of $.494, for call records after September 27, 2004, any records paid with a call date prior to September 27, 2004 are paid at the rate of $.24. This data is retained for a minimum of 27 months per FCC guidelines

Dispute Resolution Procedures

Atlantax has assigned its representative, Linda Hughes, as the individual responsible for processing payments to PSP's and Aggregators and for managing the in house payphone compensation system. Atlantax keeps in suspense any records that it is unable to match to a specific PSP or that are related to PSP ownership disputes. Atlantax continuously processes suspense records in order to pay PSP's once a dispute is resolved. Atlantax does not collect any funds from its clients for suspense records or dispute records until they are matched. Atlantax's CFO, Jill Gabriel regularly reviews open disputes and trend reports.

GSAssociates has reviewed dispute resolution reports, suspense and no match records, and finds these reports more than adequate to assist personnel in dispute resolution; GSAssociates reviewed the suspense records for several quarters and found it to be consistent.

We reviewed the payment records for all clients and found disbursements for previously suspended records. GSAssociates found the dispute resolution process to be functional and complete.

Compensation Verification

GSAssociates has determined that Atlantax has properly compensated PSP's through Q4 of 2006. This was completed via review of payment records and independent validation of client payment records to Atlantax. A review of all payments made to PSP's was conducted and matched to client records. No discrepancies were found.

Observations: As noted in previous reports there continues to be a decline in payphone compensation through Q4 2006. This is consistent with industry trends.

Audit Conclusions

FCC Relevant Rules Accurately Stated

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

- Per-call rate.
- Compensable Call Record Files.
- Reporting requirements.
- Late payments per IRS overpayment rate.
- Timely Payments to PSP's and Aggregators
- Data Storage Requirements.

Established Security Protocols

Atlantax has implemented security protocols to limit access to its compensation system in a controlled environment to authorized personnel.

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

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

Access to its secure FTP site is limited to clients with valid logins and passwords. Atlantax does not attempt to control the use of its client FTP sites and therefore makes no representations regarding the security or control of client accessed FTP sites.

Audit Findings

Atlantax, as a Carrier Clearinghouse for payphone records, provides a service to its clients. This service requires Atlantax to capture, format, and process completed payphone originated records from its clients. These records are matched to the current ANI ownership records supplied by PSP's and LECS. The resulting matches result in funds requests to its clients and subsequent payments to identified payphone owners.

GSA has reviewed the documentation concerning this process and has cross checked compensation reports with LEC records and client records as well as validating payments made through Q4 of 2006. The Company is in compliance for the period audited and compensation has been appropriately made to the PSP's or aggregators for the period.