

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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### FILER

#### **RIVERBEND TELECOM INC**

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-KSB**

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended **December 31, 2003**

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number 000-49745

**RIVERBEND TELECOM, INC.**

(Exact Name of Registrant as specified in its Charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

91-2150635

(IRS Employer Identification No.)

**826 Barracks Street**

**New Orleans, Louisiana**

(Address of Principal Executive Offices)

**70116**

(Zip Code)

Registrant's Telephone Number, including area code: **(504) 524-2433**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$.001 Par Value**

(Title of Class)

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ X ]

Registrant's revenues for its most recent fiscal year: \$60,214

At April 7, 2004, 2,046,667 shares of common stock, \$.001 par value, were outstanding. The aggregate market value of the common stock held by non-affiliates of the Registrant on that date was approximately \$0.

### **Documents Incorporated by Reference:**

**None**

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## PART I

*In this annual report on Form 10-KSB the terms “Riverbend Telecom,” “Company,” “we,” “us” and “our” refer to Riverbend Telecom, Inc. and we refer to our \$.001 par value common stock as common stock.*

*Except for historical information, the following description of our business may contain forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those set forth in these forward-looking statements as a result of a number of factors, including those set forth under the heading “Risk Factors.”*

### **Item 1. DESCRIPTION OF BUSINESS**

#### **Background**

Riverbend is a developmental stage Nevada corporation formed in August 2001. Since inception, Riverbend has marketed telecommunication services for resellers and carriers of local and long distance telephone and prepaid calling card, data and internet services on a limited basis.

#### **Business Strategy**

##### *General Strategy*

Riverbend was organized to market telecommunication services for resellers and carriers of local and long distance telephone and prepaid calling card, data and internet services. In August 2001, Riverbend entered into a non-exclusive marketing agreement with Norcom, Inc., a Florida based reseller of telecommunication services, to market local and long distance services on behalf of Norcom for commission based compensation. In March 2002, Norcom was purchased by NUI Telecom, Inc. and, through a subsequent assignment agreement, Riverbend’s agreement with Norcom was converted into an agreement with Norcom Agency Services, Inc. (NAS), an entity whose shareholders had been shareholders of Norcom. Under the agreement with NAS, which utilizes the network services of NUI Telecom, Inc., Riverbend continues to receive commission based compensation, including commission compensation from those customers originally solicited by Riverbend on behalf of Norcom. This is currently the primary marketing agreement Riverbend has entered into and it accounted for approximately 84% of our revenues for the year ended December 31, 2003. In the next twelve months, we may enter into agreements with carriers or other resellers of telecommunication services, however we have not had any significant discussions with any carriers or other resellers. In our efforts to identify potential carriers and resellers with whom we may enter into future agreements, our management attends industry conferences at which carriers and resellers are present and offering their products. Our

long term strategy is to achieve continued growth and profitability by focusing our marketing efforts on residential customers and small to medium sized businesses; by reducing our overall cost of delivering local and long distance telecommunications and prepaid calling card, data and internet services; by providing back office support for other resellers; and by developing additional reseller and provider relationships and products to expand Riverbend's target market and product mix while improving profit margin. Riverbend also intends to develop

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a network of independent sub-agents, which we believe is the most cost-effective method to acquire new customer accounts.

### *Acquisitions*

There are numerous small to mid-size long distance agent companies operating throughout the United States. Although Riverbend presently has no understanding, arrangement or agreement to make any acquisitions, Riverbend believes that many existing agents are willing to be acquired due to the lack of sufficient revenue vis-à-vis their current operating expenses. Riverbend believes that it has the ability to maximize the potential of these acquisitions through increased operating efficiency without significant increase in overhead by eliminating duplicate overhead and enhancing the use of agent tracking software.

### **Operations**

Since our inception, we have marketed retail telecommunication services offered by Norcom, and subsequent to its sale, NAS, to small and medium-sized businesses and residences primarily in the State of Louisiana and the surrounding regions. Riverbend functions as an independent sales agent, offering the products and services of the reseller or carrier to our customers on a retail basis. We currently offer local and long distance telephone services and prepaid calling cards, but may expand our offerings to include data and internet services in the near future. By focusing our marketing efforts in a small geographic region, we strive to provide our customers with more personalized service and more frequent customer contact, which we hope will translate into increased customer satisfaction and greater customer longevity. Furthermore, we intend that our concentrated customer base will satisfy voids in certain telecommunication resellers' or carriers' networks, making such resellers or carriers more likely to engage the services of Riverbend in their effort to diversify their customer base and expand their service offerings to underserved markets.

We do not own or operate any telecommunication networks or provide any telecommunication services under our own private label. We anticipate that under the majority of our arrangements with telecommunication resellers and carriers, we will receive a commission based on the usage generated by each customer whom we are responsible for providing to the reseller or carrier. Riverbend will not be responsible for transporting, billing or collecting for the usage associated with each customer. Rather, we will target and solicit customers on behalf of the reseller or carrier and provide the customer information to the reseller or carrier. Each individual reseller or carrier will then be responsible for transporting the minutes of usage and billing and collecting for such usage. We intend that under the majority of our contracts with telecommunication resellers and carriers, the reseller or carrier will be contractually obligated to pay commissions to us on a monthly basis for as long as each customer remains on the resellers' or carriers' service, or in certain instances, for as long as the customers solicited by us maintain a specified volume or revenue with the specific reseller or carrier.

Riverbend's management has a cumulative twenty years of experience in the telecommunications industry and we intend to leverage this experience in an effort to identify and negotiate marketing agreements with resellers and carriers that are favorable to us in terms of commission payments and equity participation rights. We believe that our management has developed past relationships with the management personnel at many of the telecommunication

resellers and carriers with whom we will seek to enter into agreements and that such relationships will provide us with a competitive advantage over our competitors. We believe that the quality and experience of our current management team are critical factors in the implementation of our growth strategy and our ability to attract additional management personnel as we expand.

## **Industry Background**

According to Federal Communication Commission (FCC) reports, the market for telecommunications services has grown rapidly in the United States. The overall telecommunications market presently consists of \$366 billion dollars in revenues divided amongst the following markets:

- \$121 billion local service market;
- \$108 billion long distance market;
- \$50 billion equipment market;
- \$62 billion wireless/paging market;
- \$15 billion information services; and
- \$10 billion cable TV market.

Allegedly to combat “slamming,” the unauthorized conversion of a customer’s preselected telecommunication carrier, many local exchange carriers have initiated “PIC freeze” programs that, once selected by the customer, require a customer seeking to change long distance or local carriers to contact the local carrier directly instead of having the new carrier contact the local carrier on the customer’s behalf. Many local carriers have imposed burdensome requirements on customers seeking to lift PIC freezes and change carriers, and thereby may make it difficult for customers to switch to telecommunications services marketed by Riverbend. Such activities could have an adverse effect on Riverbend.

The entry of the Bell operating companies into the long distance market may further heighten competition. Under the Telecommunications Act of 1996, the Bell operating companies were authorized to provide long distance service that originates outside their traditional service areas, and may gain authority to provide long distance service that originates within their region after satisfying certain market opening conditions. Bell operating company entry into the long distance market means new competition from well-capitalized, well-known companies that have the capacity to “bundle” other services, such as local and wireless telephone services, internet access and cable television, with long distance telephone services. While the Telecommunications Act includes certain safeguards against anti-competitive conduct by the Bell operating companies, it is impossible to predict whether such safeguards will be adequate or what effect such conduct would have on us. Because of the Bell operating companies’ name recognition in their existing markets, the established relationships that they have with their existing local service customers, and their ability to take advantage of those relationships, as well as the possibility of interpretations of the

Telecommunications Act favorable to the Bell operating companies, it may be more difficult for other providers of long distance and local telecommunication services to compete.

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## **Market Opportunity**

Our strategy is to focus on selected markets where limited competition exists, and where there is a significant concentration of potential high volume telecommunication customers. We currently target small and medium-sized businesses and residences in and around the State of Louisiana. We believe that in recent years the major interexchange companies have focused their efforts on larger markets, leaving our target markets with limited service alternatives. As a result, we believe there is a market demand for alternative service providers as businesses and residential customers seek competitive pricing, flexible and responsible local service, greater reliability and security. We believe that we have positioned ourself to effectively market the telecommunication services of various resellers and carriers to customers in these target markets.

Furthermore, we believe that a local focus provides a competitive advantage in customer acquisition and retention. It is our goal to establish high customer visibility within each of our markets through a network of independent sub-agents who will provide direct and personal customer contact and service (See "Independent Sub-Agents"). As described above, our current market consists of small and medium-sized businesses and residential customers, primarily in the State of Louisiana. Our target business customers average between \$300.00 and \$500.00 in telecommunication service per month. Our target residential customers average between \$30.00 and \$50.00 in telecommunication service per month. While our customers are currently located primarily in Louisiana, we anticipate that through a growing network of independent sub-agents, we will be able to expand our market to include small and medium-sized businesses and residences throughout the United States.

## **Major Contract**

In August 2001, we entered into a non-exclusive marketing agreement with Norcom, a Florida based reseller of telecommunication services. Pursuant to the agreement, we were entitled to market long distance telephone services on Norcom's behalf to commercial and residential customers on an agency basis. As described above under the "General Strategy," in March 2002, Norcom was purchased by NUI Telecom, Inc. and, through a subsequent assignment agreement, Riverbend's agreement with Norcom was converted into a non-exclusive agreement with NAS, an entity whose shareholders had been shareholders of Norcom. Riverbend is one of many companies with whom NAS enters into marketing relationships. Under the agreement with NAS, which utilizes the network services of NUI Telecom, Riverbend is paid monthly sales commissions based on percentages of revenues generated by those customers provided to NAS, and previously provided to Norcom, through Riverbend's marketing efforts. The sales commission percentages vary and depend on the prices of the telecommunication services provided by NAS. Additionally, the NAS agreement provides that Riverbend shall receive a one-time bonus commission based upon a multiple of 2 times the September 2003 usage revenue of customers that Riverbend solicited on behalf of NAS. As of December 31, 2003, Riverbend had recorded \$17,217 in bonus commission revenue.

NAS is responsible for all credit checks, bad debt, collection costs and billing costs. Our commissions are paid on billed revenues regardless of whether end-users pay their invoices to NAS. Consequently, we suffer no charge backs or usage on accounts that are delinquent in payment or written off as bad debt. However, any commissions paid on delinquent accounts that are not eventually collected will, at the discretion of NAS, be subject to deduction against future

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commission payments. Our agreement with NAS is through August 2005, although it can be terminated by NAS upon thirty (30) days notice. If the agreement is terminated by NAS for reasons other than a material breach by Riverbend, we would be entitled to residual commissions that survive the termination of the agreement provided that the monthly commissionable revenue level, which consists of revenues billed by NUI Telecom to customers solicited by Riverbend on behalf of NAS, remains greater than \$500.

Pursuant to our agreement with NAS, we may engage sub-agents to solicit customers for NAS on our behalf. We may pay sub-agents a commission based upon a portion of the commission revenue we receive each month from NAS. Commissions paid to individual sub-agents may vary depending upon the amount of work Riverbend is required to perform for any particular sub-agent (which may include accounting services and customer tracking and monitoring) and the customer base the sub-agent is able to provide to Riverbend. Currently Riverbend has engaged five sub-agents to solicit customers for NAS on our behalf.

In an effort to enter contractual relationships with carriers and resellers of telecommunication services, management of Riverbend attends various industry conferences and meetings at which carriers and resellers are present and offering their products. At such functions, we meet with various carriers and resellers and determine who currently has the best and most favorable telecommunication offerings in a specific geographic region. Once we identify a specific carrier or reseller, we hope to proceed with negotiating a marketing relationship and contract, which will provide us with commission based compensation for marketing the telecommunication services provided by the carrier or reseller.

As described above, for the year ended December 31, 2003, we received 88% of our commission revenues and 84% of our overall revenues from one telecommunication reseller, NAS. For the year ended December 31, 2003, we received \$50,434 in commission revenue, including \$17,217 in bonus commission revenue, from NAS. Of this amount, we incurred commission expenses in the amount of \$31,454, including \$10,961 in commission expense payable to one sub-agent and attributable to the \$17,217 bonus commission described above. In the future, we will attempt to enter into sub-agent relationships that provide for a more favorable commission structure to Riverbend. Additionally, we will seek to enter into additional agreements with other resellers and/or carriers, to market their services as well.

## **Products and Services**

We intend to market a variety of telecommunication products on behalf of resellers or carriers. With respect to NAS, we currently offer long distance telephone services. We also offer prepaid calling cards and are capable of offering various data and internet services to our customers, but have chosen to initially concentrate the majority of our efforts on marketing long distance services. We target customers with long distance phone bills ranging between \$20.00 and \$700.00 per month, although we have several large customers with bills over \$1,000.00 per month. We believe that the products we currently offer provide for favorable rates and services to our customers and will allow us to remain competitive within the industry. Furthermore, we believe that our targeted customer base, consisting of small and medium-sized businesses and residential customers, is a market traditionally underserved by most telecommunication carriers and resellers. We believe that these types of customers are more likely to be receptive to the personal attention and service offered by us.

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## **Independent Sub-Agents**

We currently engage five sub-agents to market the services that we offer on behalf of various resellers and carriers. It is our intent that our sub-agents will have pre-existing relationships with our customers, who may be friends, family members or business associates. We anticipate that such sub-agents will interact with our customers



socially or otherwise and that such interaction will help promote a relationship that will maintain customer loyalty to the sub-agent and to Riverbend. It is our goal that each sub-agent will have a defined territory, with a defined customer list comprised of prospective customers. Sub-agents evaluate which products and services should be offered to the customer and illustrate to the customer the potential savings that the customer may realize. Sub-agents are compensated on a commission basis calculated based on a percentage of the commissions we receive from the reseller or carrier pursuant to our marketing agreements. Commissions paid to individual sub-agents may vary depending upon the amount of work we are required to perform for any particular sub-agent (which may include accounting services and customer tracking and monitoring) and the customer base the sub-agent provides to Riverbend. We currently have verbal agreements with four (4) sub-agents to solicit customers on our behalf. In addition, we have a written agreement with one additional sub-agent that provides for the sub-agent to receive 85% of the monthly and one-time bonus commission revenue that Riverbend earns from NAS that is attributable to customers solicited by the sub-agent.

The market for sub-agents is competitive. However, we believe that we will continue to be able to attract and retain qualified sub-agents by offering them the opportunity to:

- participate in our stock option plan;
- work with an experienced and proven management team in building a developing, entrepreneurial company;
- participate in an attractive, results-oriented compensation package; and
- market competitive products and services.

## **Customers**

We identify potential customers through personal and business relationships, referrals and direct solicitation. Any individual or business who has a need for telecommunication services is a potential customer and we believe can benefit from our competitive service offerings. Once a customer has consented to using a service offered by us, we require the customer to complete an application for service which sets forth the customer's specific information and identifies the rates and terms of service that are being offered to the customer. We then send a service order to the telecommunication reseller or carrier whose service we have marketed to the customer. The reseller or carrier is then responsible for providing the service, billing for the service, collecting payments and for all customer service functions. It is anticipated that when a customer has a problem with the contracted service, the customer will contact the reseller or carrier directly. However, because we believe that customer service has become a critical element in attracting and retaining customers in the telecommunication industry, we will seek to differentiate and market ourselves through our commitment to helping our customers receive customer service from their designated reseller or carrier. To achieve this

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goal, our independent sub-agents will attempt to help our customers obtain the desired level of customer service through the reseller or carrier who provides their telecommunication service.

## **Competition**

The telecommunications industry in the United States is highly competitive, rapidly evolving, and significantly influenced by the marketing and pricing decisions of the larger industry participants. Major participants in the industry regularly introduce new services and marketing activities. Competition is based upon pricing, customer service, billing services and perceived quality. We compete with numerous telecommunication companies that offer essentially the same services as the resellers and carriers we intend to represent. Several of our competitors are substantially larger and have greater financial, technical and marketing resources than we do. Our success will depend upon our continued ability to enter into favorable agreements that provide for high quality, high value services at prices generally competitive with, or lower than, those charged by our competitors.

The major carriers have targeted price plans at residential customers with significantly simplified rate structures and with bundles of wireless services and local services with long distance, which may lower overall local and long distance prices. Competition is fierce for the small to medium-sized businesses that we also serve. Additional pricing pressure may come from the introduction of new technologies, such as internet telephony, which seek to provide voice communications at a cost below that of traditional circuit-switched long distance service. Reductions in prices charged by our competitors may have a material adverse effect on us. Furthermore, consolidations and alliances across geographic regions and in the local and long distance market across industry segments may intensify competition from significantly larger, well-capitalized companies.

Management recognizes that the telecommunications industry is comprised of hundreds of telecommunications carriers. However, we believe that many of these carriers do not have the financial resources available to hire and train an in-house sales force. Instead, many such companies rely either wholly or partially on independent sales agents, such as Riverbend, to market the carrier's products and services. We believe that many carriers compete for the services of independent sales agents and that such competition will ultimately result in increased commissions payable to companies such as Riverbend. Furthermore, we hope that such competition among carriers will result in additional benefits to independent sales agents, such as cash bonuses and equity participation rights.

Our primary competitors are other independent sales agents, such as Spring Valley Marketing and Amercom; resellers of telecommunication services, such as Enhanced Communications Group and American Phone Services; and the in-house sales staffs of major telecommunications carriers, such as MCI and Sprint. The majority of in-house sales staffs of major carriers are better financed than Riverbend and are often able to offer telecommunication services at a lower rate. Furthermore, we are aware of blocks of potential customers who have created buying consortiums, which, if successful, may present a source of direct competition.

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## **Telecommunications Industry Regulation**

### *General*

While Riverbend's marketing of telecommunication services is not subject to governmental regulation, the resellers and carriers with whom Riverbend contracts are subject to the various governmental regulations affecting the industry. The FCC regulates interstate and international telecommunications, while the state commissions regulate telecommunications that originate and terminate within the same state.

The FCC and some states have rules that prohibit switching a customer from one carrier to another without the customer's express consent and specify how that consent must be obtained and verified. Most states also have consumer protection laws that further define the framework within which our marketing activities must be conducted. While directed at curbing abusive marketing practices, unless these rules are carefully designed and enforced, they can have the incidental effect of entrenching incumbent carriers and hindering the growth of new competitors, such as Riverbend.

Riverbend's marketing efforts may be carried out through a variety of direct marketing programs, including inbound and outbound telemarketing, direct mail and agent sales. Restrictions on the marketing of telecommunication services are becoming stricter in the wake of widespread consumer complaints throughout the industry about "slamming" (the unauthorized conversion of a customer's pre-selected telecommunication carrier) and "cramming" (the unauthorized provision of additional telecommunication services). The Telecommunications Act strengthened penalties against slamming, and the FCC issued and updated rules tightening federal requirements of the verification of orders for telecommunication services and establishing additional financial penalties for slamming. In addition, many states have been active in restricting marketing through new legislation and regulation such as "Do Not Call" lists, as well as through enhanced enforcement activities. The constraints of federal and state regulation, as well as increased FCC, Federal Trade Commission and state enforcement attention, could limit the scope and the success of Riverbend's marketing efforts and subject us to enforcement action which may have an adverse effect on Riverbend.

Statutes and regulations designed to protect consumer privacy also may have the incidental effect of hindering the growth of newer telecommunication companies such as Riverbend. For example, the FCC rules that restrict the use of "customer proprietary network information" (information that a carrier obtains about its customers through their use of the carrier's services) may make it more difficult for us to market additional telecommunication services to our existing customers.

As a marketer of telecommunication services, Riverbend is not subject to the reporting requirements of the FCC or the state agencies, but the resellers and carriers with whom we contract and intend to contract may be subject to such regulations. The FCC imposes reporting, accounting, record-keeping and other regulatory obligations on resellers and carriers. Resellers and carriers must offer interstate service under rates, terms and conditions that are just, reasonable and not unreasonably discriminatory. Resellers and carriers must file tariffs listing

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the rates, terms and conditions of the resellers' or carriers' service. Although a resellers' or carriers' FCC tariffs, and the rates and charges they specify, are subject to review, they are presumed to be lawful and have never been formally contested by customers or other consumers. A reseller or carrier may be subject to forfeitures and other penalties if it violates the FCC's rules.

Additionally, the Telecommunications Act provides for a significant deregulation of the domestic telecommunication industry, including the long distance industry. The Telecommunications Act remains subject to judicial review and additional FCC rulemaking, and thus it is difficult to predict what effect the legislation will have on the industry. There are currently many regulatory actions underway and being contemplated by federal and state authorities regarding interconnection pricing and other issues that could result in significant changes to the business conditions in the telecommunication industry.

The Telecommunications Act also set up a framework by which Bell operating companies could begin providing long distance services to their customers in areas where they provide local telecommunication services. These actions are likely to increase competition within the affected states.

### *State Regulation*

The vast majority of the states require resellers and carriers to apply for certification to provide local and interstate telecommunication services, or at least to register or to be found exempt from regulation, before commencing intrastate service. The majority of states also require resellers and carriers to file and maintain detailed tariffs listing their rates for intrastate service. Many states also impose various reporting requirements and/or require approval for transfers of control of certified carriers; corporate reorganizations; acquisitions of telecommunication

operations; assignments of carrier assets, including subscriber bases; carrier stock offerings and incurrence by carriers of significant debt obligations. Certificates of authority can generally be conditioned, modified, canceled, terminated or revoked by state regulatory authorities for failure to comply with state law and the rules, regulations and policies of the state regulatory authorities. Fines and other penalties, including the return of all monies received for intrastate traffic from residents of a state, may be imposed for such violations. State regulatory authorities may also place burdensome requirements on telecommunication companies seeking transfers of control for licenses and the like.

## **Employees**

We currently have two employees, Leon Nowalsky and Dr. Roy Greenberg, Riverbend's executive officers and directors. Messrs. Nowalsky and Greenberg devote approximately 20% of their time to the business of Riverbend, but are available to devote additional time to our operations if such time is required. We may hire additional employees in the future. Messrs. Nowalsky and Greenberg oversee the operations and have agreed to refrain from taking any salary until Riverbend commences generating sufficient cash flow to handle our anticipated expansion plans. A majority of our selling activities are conducted through a developing network of independent sub-agents who are not employees of Riverbend. Such agents are paid on a commission basis. As of April 7, 2004, we had verbal agreements with four (4) sub-agents and a written agreement with one (1) sub-agent to act on Riverbend's behalf.

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## **Risk Factors**

An investment in our common stock is a risky investment. The risks described below are not the only ones that we face. Additional risks that are not yet known to us or that we currently think are immaterial could also impair our business, operating results or financial condition. Other information set forth in this report, including our financial statements and the related notes detail other risks effecting our business. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely effected.

### **Risks Related To Our Business**

*We have a limited history of operations and therefore have limited financial information.*

We began marketing telecommunications services in August 2001. Substantially all of our revenue to date has been derived from our marketing of the services offered by NAS/Norcom. There is limited historical financial information upon which to evaluate how we may perform in the future. We cannot be sure that we will be able to compete successfully in the telecommunications business. As a young company, we face numerous risks and uncertainties, including those that relate to our ability to:

- establish and increase our customer base;
- compete favorably in a highly competitive market;
- expand our service offerings;
- attract, motivate and retain qualified sub-agents;

- access sufficient capital markets to support our growth;
- build an infrastructure to effectively handle our growth; and
- upgrade and enhance our technologies.

We may not be successful in addressing these risks and our failure to do so would have a materially adverse effect on our business and financial results.

*Our ability to generate revenues and achieve market acceptance is uncertain because our business is based on an untested business plan, which may not lead to profitability.*

Our business is based on an untested business plan. Our failure to complete our development and to market our services and products successfully could significantly affect our ability to succeed. If we cannot achieve profitability from our operating activities, we may not be able to meet our:

- capital expenditure requirements;
- debt service obligations; or
- working capital needs.

Our profitability will depend primarily upon our ability to earn commissions from the marketing of telecommunications services offered by resellers and carriers.

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*Our future growth may require significant capital and if we do not obtain needed financing, our ability to implement our business strategy could be impaired.*

Implementation of our business plan may require additional amounts of capital. We cannot be certain that additional financing will be available to us on acceptable terms when required or at all. If we do not obtain needed financing, our ability to implement our business strategy could be impaired.

*Future growth may be difficult to manage.*

Our strategy includes acting as a marketer for other resellers of local and long distance telephone services. We hope to experience future growth beyond the developmental stage, which may place additional demands upon our current management and other resources and may require additional working capital, information systems, and management, operational, and other financial resources. The growth of Riverbend will depend on various factors, including, among others:

- the ability of management to implement our strategy;
- competition;
- the ability of the resellers with whom we contract to handle our growth in the amount of services we sell; and
- the ability to implement reliable finance and management systems and controls.

Not all of the foregoing factors are within our control. Riverbend's ability to manage growth successfully will require Riverbend to continually enhance its operational, management, financial, and information systems and controls. We may not be able to manage or fund our growth, we may miss profitable opportunities and/or inefficiently allocate our resources which will effect our business, operating results, and financial condition.

*Our business could be materially harmed if we do not keep pace with technological changes.*

The telecommunications industry is subject to rapid and significant changes in technology, customer requirements and customer preferences. We may not be able to keep pace with technological change. If we fail to keep pace with these changes, our ability to attract new customers may be impeded and we may lose existing customers. New technologies could reduce the competitiveness of our services by reducing the cost or increasing the supply of services that compete with those we plan to offer.

*We currently are dependent on our relationship with NAS to provide us with telecommunication services to market.*

In March 2002, through an assignment agreement, Riverbend entered into an agreement with NAS to provide NAS with marketing services. NAS is a reseller of telecommunications service, and accordingly we are dependent on NAS' relationships with telecommunication carriers to provide us with services to market. At this time, we do not have agreements with any other resellers. Our marketing agreement with NAS is through August 2005 and may be terminated by NAS on thirty (30) days notice. We cannot assure you that NAS will not terminate the agreement or that we will be able to enter into agreements with any other resellers. Furthermore, if NAS experiences financial

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difficulties, such difficulties may result in delays in our receipt of commissions due under our contract. As described above, NAS could terminate our contract and cease all commission payments. If this were to occur, it would have a materially adverse effect on our business, financial condition and results of operation.

*Our continued success will be dependent on our ability to retain and attract experienced and knowledgeable personnel.*

Riverbend believes that its continued success will depend to a significant extent upon the abilities and efforts of its current management. Riverbend does not have employment agreements and does not maintain key man life insurance on either of its current management. The loss of the services of either of our current management, particularly Mr. Nowalsky, our President and Treasurer, would hinder our ability to conduct our operations.

Additionally, Riverbend may hire additional management with experience in our industry. If we choose to hire additional management, we believe our success will depend, in part, upon our ability to find, hire and retain such

additional management personnel. The inability to find, hire and retain such personnel could affect our ability to effectively compete, adjust and predict changes in our industry.

*We believe that our long-term success will depend on our ability to offer additional services.*

Riverbend currently offers long distance telephone services and prepaid calling cards to its customers. However, our strategy includes offering additional telecommunication services in the future, such as data and internet services. The ability of Riverbend to offer these additional services will be limited by our ability to enter into agreements with resellers of such services. Because we are currently only a marketer for NAS' services, until we establish relationships with other resellers, we are limited by NAS' ability or desire to offer additional services. Additionally, the entry into new markets entails risks associated with the state of development of the market, intense competition from companies that may have greater financial resources and experience than Riverbend, and increased selling and marketing expenses. There can be no assurance that we will be able to offer these services or that any services that we are able to offer will receive market acceptance in a timely manner, or at all, or that prices and demand in new markets will be at a level sufficient to provide profitable operations.

*We are dependent on third parties for our operations.*

We are dependent upon third parties to:

- provide long distance telephone service to our customers;
- perform customer service functions; and
- collect billing information and bill customers.

Riverbend is only a marketer of resale telecommunications services and does not provide any of the above described services directly. However, our commission payments may be dependent on the timely and satisfactory performance by resellers or carriers of such services. If a reseller or carrier does not provide a customer with adequate service, such customer may terminate its use of the service and Riverbend would no longer receive any commission with

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regard to that customer. Any significant reduction in commissions received by Riverbend would have an adverse affect on our business, financial condition and results of operations.

*We use independent sub-agents to recruit our customers, and such sub-agents are less likely than traditional employees to remain with our company.*

Riverbend uses independent sub-agents and its relationship with other resellers to sell its services. We believe that significant turnover among independent sub-agents from year to year is typical of direct selling. Activities of the sub-agents in obtaining new customers are particularly impacted by changes in the level of sub-agent motivation, which in turn can be positively or negatively affected by general economic conditions, modifications in the commission and training fees and in our marketing plan, and a number of intangible factors. Our ability to attract sub-agents could be negatively affected by adverse publicity relating to Riverbend, its services or its operations. Because of the number of factors that impact recruiting of sub-agents, we cannot predict when or to what extent such increases

or decreases in the level of our sub-agent retention will occur. In addition, the number of sub-agents as a percentage of the population may reach levels that become difficult to exceed due to the finite number of persons inclined to pursue an independent direct selling business opportunity.

*Because our sales force is made up of independent sub-agents, we have less control over the actions of our sales force.*

Because our sub-agents are classified as independent contractors, and not as employees of Riverbend, we are unable to provide them with the same level of direction and oversight as an employee. While we expect to implement policies and rules governing the conduct of our sub-agents and intend to periodically review the sales tactics of our sub-agents, it will be difficult to enforce such policies and rules. Violations of these policies and rules may reflect negatively on Riverbend. Long distance carriers have been subject to complaints before the FCC and state public utility commissions regarding the unauthorized switching of subscribers' long distance carriers (also known in the industry as "slamming").

*There is no market for our common stock and none may develop in the future.*

There is no market for our common stock, which has been sold only in private transactions, under exemptions to registration under federal and state securities laws. No stockholder should expect that a public market will develop in our common stock. Our potential to develop a market for our common stock depends on our business success, as well as upon general market perceptions regarding our business model, which cannot be accurately predicted.

*A limited number of stockholders have substantial control over us and could prevent stockholders from effecting corporate changes.*

Our directors and officers, in the aggregate, beneficially own 97.7% of our outstanding common stock. These stockholders are able to significantly influence all matters requiring approval by our stockholders, including:

- the election of directors;
- exercise of control over our business and policies; and

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- the approval of mergers or other business combination transactions.

*We do not intend to pay dividends.*

We have never declared or paid cash dividends on our common stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock in the future. Payment of any future dividends on our common stock will depend upon our earnings and capital requirements, the terms of our debt facilities and other factors that our board of directors considers appropriate.

## **Risks Related To Our Industry**



*We face significant competition that may adversely affect our ability to attract and retain customers and maintain our expected pricing structure.*

The United States telecommunication industry is highly competitive and significantly influenced by the marketing and pricing decisions of the larger industry participants. We expect to compete for customers with a number of well-established providers, as well as many other providers with less significant market share. Many of our competitors:

- are significantly larger than us;
- have substantially greater financial, technical and marketing resources;
- offer a broader portfolio of services than we do;
- have long-standing relationships with many of our target customers; and
- have greater name recognition and brand loyalty.

In this competitive environment, our competitors may reduce rates or offer incentives to our existing and potential customers. For example, several domestic long distance carriers have introduced pricing strategies, which provide for fixed, low rates for calls. We believe that to maintain our competitive position, we must be able to reduce our prices to meet reductions in rates by others, and cannot predict to what extent we may need to reduce our prices or whether we will be able to sustain future pricing levels if any of our competitors introduce competing services at lower prices. As a result, we cannot predict whether demand for any services we offer will exist at prices that enable us to continue to attract and retain customers or achieve profitability or positive cash flow.

*We may be subject to federal, state and local regulation that could be changed to our detriment.*

The Telecommunications Act provides for significant deregulation of the telecommunications industry. This statute and the related regulations remain subject to judicial review and additional rulemaking by the FCC, making it difficult to predict what effect the legislation will ultimately have on us. Because we only act as a marketer of services offered by resellers, we do not believe that our activities are governed by the Act or require any federal or state regulatory approvals.

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*A high level of customer attrition is characteristic of our industry.*

A high level of subscriber attrition is a characteristic of the domestic residential long distance industry. Attrition is attributable to a variety of factors, including the termination of customers for non-payment and the initiatives of existing and new competitors as they engage in, among other things, national advertising campaigns, telemarketing programs and the issuance of cash or other forms of incentives. Although we believe that our customer retention strategy, which emphasizes personalized service will be successful, our strategy may prove unsuccessful. Because our revenue is based on recurring fees received from our customers, a high level of attrition could affect our

results of operations by increasing costs associated with the acquisition of new customers and affecting our ability to achieve positive cash flow.

**Item 2. DESCRIPTION OF PROPERTY**

Our address is 826 Barracks Street, New Orleans, Louisiana 70116. Our telephone number is (504) 524-2433. This space consists of the home-office of our President and Treasurer, Leon Nowalsky. We utilize the office under a verbal agreement where we do not pay rent or reimburse Mr. Nowalsky for the minimal expenses incurred. We may identify and lease appropriate office space in the future, however, we do not intend to lease any office space during the next twelve (12) months.

**Item 3. LEGAL PROCEEDINGS**

We are not currently a party to any legal proceedings, nor are we aware of pending or threatened litigation.

**Item 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS**

No matters were submitted during our fourth quarter of the fiscal year covered by this report to a vote of our stockholders.

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**PART II**

**Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

**Market Information**

Our common stock is not publicly traded. As of April 7, 2004, no shares of common stock were subject to outstanding options.

**Holders**

As of April 7, 2004, we had approximately 4 beneficial owners of record of our common stock.

**Dividends**

We have never paid dividends on our common stock. We anticipate that all of our future earnings will be retained for the development of our business and do not expect to pay any cash dividends in the foreseeable future. Any actual payment of future dividends will be at the discretion of our board of directors and will be based on our future earnings, financial condition, capital requirements and other relevant factors.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth certain information concerning all equity compensation plans previously approved by stockholders and all equity compensation plans not previously approved by stockholders as of December 31, 2003. The 2001 Stock Option Plan is our only equity compensation plan and it was approved by stockholders, however, no options have been granted pursuant to the Plan.

#### Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	0	N/A	2,000,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>0</b>	<b>N/A</b>	<b>2,000,000</b>

## **Recent Sales of Unregistered Securities**

During the first quarter of 2003, pursuant to a private offering, we sold a total of 46,667 shares of our common stock to two accredited investors, as defined by Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"). The shares were sold for \$0.75 per share. The issuance of common stock was pursuant to the exemption from registration provided by Section 4(2) of the Act and Regulation D and Rule 506 promulgated thereunder, and related state private offering exemptions. The investors took their shares for investment purposes without a view to distribution and had access to information concerning Riverbend. The certificates bear restricted legends prohibiting sale or transfer unless registered pursuant to the Act and blue sky laws or an exemption therefrom is available.

## **Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

The following discussion regarding our financial condition and results of operations should be read in conjunction with the financial statements and notes indexed in Item 7 of this Form 10-KSB and attached to this report.

### ***Cautionary Statement Regarding Forward Looking Information***

This Form 10-KSB for the year ended December 31, 2003 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding, among other items, our growth strategies, anticipated trends in our business and our future results of operations, market conditions in the telecommunications industry and the impact of governmental regulation. These forward-looking statements are based largely on our expectations and are subject to a number of

risks and uncertainties, many of which are beyond our control. Actual results could differ materially from these forward-looking statements as a result of, among other things:

- Our ability to generate revenues and achieve market acceptance;
- Our ability to keep pace with rapid technological change;
- Our ability to enter into agreements with service providers and sub-agents;
- Our ability to market the services we offer; and
- Our ability to compete in the telecommunications industry.

In addition, the words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions, as they relate to Riverbend, our business or our management, are intended to identify forward-looking statements.

Riverbend undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Form 10-KSB. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Form 10-KSB may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

## **Executive Summary**

Riverbend is currently a developmental stage company. Since inception, we have had no significant revenues from planned operations and have marketed on a limited basis telecommunication services for one primary reseller of long distance telephone services. In August 2001, Riverbend entered into a non-exclusive marketing agreement with Norcom, Inc., a Florida based reseller of telecommunication services, to market long distance telephone services on behalf of Norcom for commission based compensation. In March 2002, Norcom was purchased by NUI Telecom, Inc. and, through an assignment agreement, our agreement with Norcom was converted into a non-exclusive agreement with Norcom Agency Services, Inc. (NAS), an entity whose shareholders had been shareholders of Norcom. Riverbend is one of many companies with whom NAS enters into marketing relationships. Under the agreement with NAS, which utilizes the network services of NUI Telecom, Inc., Riverbend is paid sales commissions on a monthly basis equal to 10% of all revenues generated by those customers

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provided to NAS, and previously provided to Norcom, through Riverbend’s marketing efforts. Additionally, the NAS agreement provides that Riverbend shall receive a one-time bonus commission based upon a multiple of two times the September 2003 usage revenue of customers that we solicited on behalf of NAS. As of December 31, 2003, we recorded \$17,217 in bonus commission revenue.

NAS is responsible for all credit checks, bad debt, collection costs and billing costs. Our commissions are paid on billed revenues regardless of whether end-users pay their invoices to NAS. Consequently, we suffer no charge backs or usage on accounts that are delinquent in payment or written off as bad debt. However, any commissions paid

on delinquent accounts that are not eventually collected will, at the discretion of NAS, be subject to deduction against future commission payments. Our agreement with NAS is through August 2005 although it can be terminated by NAS upon thirty (30) days notice. If the agreement is terminated by NAS for reasons other than a material breach by Riverbend, we are entitled to residual commissions that survive the termination of the agreement provided that the monthly commissionable revenue level, which consists of revenues billed by NUI Telecom, Inc. to customers solicited by Riverbend on behalf of NAS, remains greater than \$500.

The NAS agreement is currently the primary marketing agreement Riverbend has entered into and accounted for approximately 84% of our revenues for the year ended December 31, 2003. In the next twelve months, we may enter into agreements with other resellers of telecommunication services, however we have not had any significant discussions with any other resellers. In our efforts to identify potential resellers with whom we may enter into future agreements, our management attends industry conferences at which resellers are present and offering their products. Our long term strategy is to achieve continued growth and profitability by focusing our marketing efforts on residential customers and small to medium sized businesses; by reducing our overall cost of delivering local and long distance telecommunications and prepaid calling card, data and internet services; by providing back office support for other resellers; and by developing additional reseller and provider relationships and products to expand Riverbend's target market and product mix while improving profit margin. Riverbend is also developing a network of independent sub-agents, which we believe is the most cost-effective method to acquire new customer accounts.

As an independent sales agent, we are not responsible for transporting, billing and collecting for the usage associated with each customer. We provide the customer specific information to the carrier or reseller who then handles all of these functions. We intend that under the majority of our contracts, the carrier or reseller will be contractually obligated to pay Riverbend commissions on a monthly basis for as long as each customer remains on the carrier's or reseller's service or in some instances, for as long as the customers solicited by Riverbend maintain a specified volume or revenue.

Pursuant to our agreement with NAS, we engage sub-agents to solicit customers for NAS on our behalf. Such sub-agents are paid a commission based upon a portion of the commission revenue we receive each month from NAS. Commissions paid to individual sub-agents vary depending upon the amount of work Riverbend is required to perform for any particular sub-agent (which may include accounting services and customer tracking and monitoring) and the customer base the sub-agent is able to provide to Riverbend.

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In August 2001, we entered into a verbal agreement with an individual sub-agent to provide customers on Riverbend's behalf to Norcom, and subsequently NAS. We pay the sub-agent the commission revenue that we receive each month from NAS that is attributable to customers the sub-agent has provided, less \$500, which we retain. In 2002, we entered into verbal agreements with an additional three (3) sub-agents to provide customers, on our behalf, to NAS. Pursuant to the verbal agreements with these sub-agents, a portion of the commissions that are received by us from NAS attributable to customers they have provided are paid to the sub-agents. In addition, we entered into a written sub-agent agreement in April 2002 to provide customers on Riverbend's behalf to NAS. We pay the sub-agent the commission revenue that we receive each month from NAS attributable to customers the sub-agent has provided, less fifteen percent (15%), which we retain. Also, pursuant to the agreement, the sub-agent is entitled to a portion of the \$17,217 bonus commission received from NAS. Accordingly, we have recorded \$10,961 in commission expense related to this bonus commission. For the years ended December 31, 2003 and December 31, 2002, we incurred a total of \$31,454, including \$10,961 in bonus commission expense, and \$42,034, respectively, in commission expense under all of our sub-agent agreements.

In addition, in connection with our formation, Leon Nowalsky, our president, treasurer, director and majority stockholder, assigned to Riverbend the current and future rights to receive real estate commissions in connection with

a November 5, 1991 lease agreement for real property located in Texas. Mr. Nowalsky acquired the rights in August 2001 by paying \$17,000 to a real estate broker who was entitled to receive as lease commissions 3% of the base monthly rental payable monthly over the primary term of the lease, which is through May 2, 2012, and any extensions thereof. In addition, Mr. Nowalsky assigned to Riverbend the rights to receive a commission on the sale of the property by the lessor to the lessee during the primary term of the lease. Detailed information concerning the real estate commissions is set forth in Note 2 to the financial statements included in this report. While such commission revenues are not an integral part of our business plan, the commission payments provide us with additional revenue to help pay our operating costs. In addition, to facilitate cash flow, we received the assignment of certain commissions payable on the sale of telecommunications products, totaling \$6,600 for the year ended December 31, 2003 from a related party.

Management does not anticipate that we will engage in any material product research and development because we intend to serve as a marketer of telecommunication services and not a direct provider. Management does not anticipate that we will purchase a plant or significant equipment and we do not anticipate hiring any additional employees because our business plan intends that we will utilize our developing network of independent sub-agents to market our products and services.

As disclosed in our financial statements, subsequent to December 31, 2003, we entered into a non-binding term sheet providing for the acquisition of United Check Services, LLC, a Louisiana limited liability company (“United”) through the issuance of 8,400,000 shares of our restricted common stock. If this transaction is completed, the former members of United will own the majority of our outstanding shares.

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## Results of Operations

In this section we provide more detailed information about our operating results and changes in financial position over the past two fiscal years. This section should be read in conjunction with the financial statements and related notes included in this Form 10-KSB.

### Year ended December 31, 2003 compared to year ended December 31, 2002

#### *Revenues*

Riverbend’s revenue for the year ended December 31, 2003 was \$60,214 as compared to \$56,169 for the year ended December 31, 2002. The \$4,045 or 7.2% increase is mainly attributable to a one-time bonus commission based on a multiple of two times the September 2003 usage revenue of customers that Riverbend solicited on behalf of NAS. Exclusive of the \$17,217 one-time bonus commission, 2003 revenues of \$42,997 were \$13,172 or 23.5% lower than 2002 revenues. The decrease in revenues, exclusive of the one-time bonus commission, is attributable to NUI Telecom, Inc., the company that purchased Norcom in March 2002, deciding that commissions should not be paid to Riverbend on house accounts and toll free numbers of Norcom. Therefore, in 2003, Riverbend no longer received commissions on long distance calls made by Norcom employees and on the toll free calls made by Norcom customers.

The following table presents the composition of revenue in 2003 and 2002:

<u>Revenue:</u>	<u>2003</u> <u>Dollars</u>	<u>Percentage</u>	<u>2002</u> <u>Dollars</u>	<u>Percentage</u>	<u>Variance</u> <u>Dollars</u>
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Commissions – NAS/Norcom (Recurring)	\$33,217	55.2%	\$50,725	90.3%	(\$17,508)
Commissions – NAS/Norcom (One-Time Bonus)	17,217	28.6%	-	-	17,217
Commissions – Related Party	6,600	11.0%	675	1.2%	5,925
Commissions – Real Estate	2,771	4.6%	3,063	5.5%	(292)
Sale of Prepaid Calling Cards	259	.4%	1,609	2.9%	(1,350)
Other	<u>150</u>	<u>.2%</u>	<u>97</u>	<u>.1%</u>	<u>53</u>
Total Revenue	<u>\$60,214</u>	<u>100.0%</u>	<u>\$56,169</u>	<u>100.0%</u>	<u>\$4,045</u>

#### *Cost of Revenue and Gross Profit*

Riverbend's cost of revenue for the year ended December 31, 2003 was \$31,454 as compared to \$43,216 for the year ended December 31, 2002. Included in 2003 cost of revenue is \$10,961 in one-time bonus commission expense due to a sub-agent of Riverbend. Exclusive of this one-time bonus commission, 2003 cost of revenue was \$20,493, which is \$22,723 or 52.6% lower than 2002 cost of revenue of \$43,216.

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The significant decrease in cost of revenue, exclusive of the one-time bonus commission, is attributable to a reduction in commission revenue as described above. Because Riverbend was earning less commission revenue, it was incurring less commission expense.

The following table presents the composition of cost of revenue in 2003 and 2002:

<u>Cost of Revenue:</u>	<u>2003 Dollars</u>	<u>Percentage</u>	<u>2002 Dollars</u>	<u>Percentage</u>	<u>Variance Dollars</u>
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Commissions – NAS/Norcom (Recurring)	\$20,493	65.2%	\$42,034	97.3%	\$21,541
Commissions – NAS/Norcom (One-Time Bonus)	10,961	34.8%	-	-	(10,961)
Cost of Prepaid Calling Cards	<u>-</u>	<u>-</u>	<u>1,182</u>	<u>2.7%</u>	<u>1,182</u>
Total Cost of Revenue	<u>\$31,454</u>	<u>100.0%</u>	<u>\$43,216</u>	<u>100.0%</u>	<u>\$11,762</u>

Riverbend's gross profit for the year ended December 31, 2003 was \$28,760 or 47.8% as compared to \$12,953 or 23.1% for the year ending December 31, 2002. The \$15,807 or 24.7 percentage point increase in gross profit is attributable to several factors. First, in 2003, the gross profit on the one-time commission bonus was \$6,256. Second, the 2003 gross profit on the related party commissions was \$5,925 higher than in 2002. Third, four of Riverbend's five sub-agents generated more commission revenues in 2003 than in 2002 and as a result more gross profit for Riverbend. Fourth, the fifth sub-agent was responsible for generating the commission revenue earned by Riverbend on the Norcom house phones and toll free numbers described above. Riverbend's agreement with the sub-agent specifies that Riverbend would pay the sub-agent the commission revenue generated from the individual's sales and received by Riverbend from NAS/Norcom, less \$500, which Riverbend retains. Therefore, despite the reduced commission revenues attributable to this sub-agent, Riverbend still achieved a gross profit from this particular sub-agent of \$500 per month or \$6,000 per year, as it did in 2002. Thus, the significant reduction in recurring commission revenues in 2003 did not have an adverse effect on Riverbend's gross profit.

#### *General and Administrative*

Riverbend's general and administrative expenses for the year ended December 31, 2003 was \$27,407 as compared to \$23,514 for the year ended December 31, 2002. The \$3,893 or 16.6% increase is mainly attributable to increased accounting and auditing fees as a result of the Riverbend's independent CPAs reviewing quarterly financial statements in three Form 10-QSBs filed in 2003 compared to two in 2002 and auditing a full year of operations for 2002 and a short year of operations in 2001. Because Riverbend is in the developmental stage, the majority of our operating expenses are related to our reporting obligations under the Exchange Act. These expenses are related to legal, accounting and professional services required to prepare our reports and the costs of filing the reports with the SEC.

#### *Provision for income taxes*

Riverbend has a \$1,311 net operating loss carryforward that expires in 2022. However, we have no provision for a deferred tax asset since the realization of the asset is dependent upon future earnings during the period that temporary differences and carryforwards are expected to be available. Because of the uncertain nature of the deferred tax asset's ultimate realization, a valuation allowance equal to the deferred tax asset balance has been recorded.

## **Liquidity and Capital Resources**

At December 31, 2003, Riverbend had \$36,080 in cash and a \$27,746 working capital surplus as compared to \$4,722 in cash and a \$9,514 working capital deficit at December 31, 2002. The increase in cash and working capital is mainly attributable to a \$35,000 private placement of common stock in January 2003.

We estimate that Riverbend can satisfy its cash requirements, which we estimate to be approximately \$30,000, for the next twelve (12) months with cash on hand, through commission revenue from current and future customer accounts and, if necessary, capital contributions from the majority shareholder. However, there are no assurances that any of these potential funding sources will be available. If the overall outcome of the various uncertainties affecting us as described in this report is not favorable, we may be forced to seek debt and/or equity financing on terms and conditions that may be unfavorable to us, if available at all.

## **Critical Accounting Policies**

Riverbend's significant accounting policies are described in Note 1 to the financial statements included in Item 7 of this Form 10-KSB. Management believes the most critical accounting policies are as follows:

### *Revenue Recognition*

Commission revenue from local, long distance and internet services is recognized when earned, which is in the same period when telecommunication carriers and resellers earn revenues from customers provided by Riverbend. Additionally, Riverbend recognizes revenues from the sale of prepaid calling cards at the time the cards are sold. Provisions for discounts, returns, and other adjustments are provided for in the same period the related revenues are recorded.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The above listing is not intended to be a comprehensive list of all of Riverbend's accounting policies. In many cases, the accounting treatment of a particular transaction is

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specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

## **Item 7. FINANCIAL STATEMENTS**

## Index to Financial Statements:

Independent Auditors' Report	F-1
Independent Auditors' Report	F-2
Balance Sheets	F-3
Statements of Operations	F-4
Statements of Stockholders' Equity	F-5
Statements of Cash Flows	F-6
Notes to Financial Statements	F-7 – F-12

### **Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On October 27, 2003, Coulter & Justus, P.C. (“Coulter”) replaced Wegmann – Dazet & Company, APC (“Wegmann”) as Riverbend’s independent public accountants. Our board of directors approved and ratified the change of accountants from Wegmann to Coulter.

Wegmann, the principal accountant previously engaged to audit Riverbend’s financial statements, resigned as auditors on October 27, 2003. Wegmann’s reports on Riverbend’s financial statements for the year ended December 31, 2002, the period from August 21, 2001 (inception) to December 31, 2001 and for the period from August 21, 2001 (inception) through December 31, 2002 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified as to audit scope or accounting principles.

During the year ended December 31, 2002, the period from August 21, 2001 (inception) to December 31, 2001 and for the period from August 21, 2001 (inception) through December 31, 2002, and the subsequent interim period through October 27, 2003, the date of resignation, there were no disagreements with Wegmann on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to Wegmann’s satisfaction, would have caused them to make reference to the subject matter in connection with their reports on our financial statements; and there were no reportable events as defined in Item 304(a)(1)(iv) of Regulation S-B.

During the year ended December 31, 2002, the period from August 21, 2001 (inception) to December 31, 2001, and for the period from August 21, 2001 (inception) through December 31, 2002, and the subsequent interim period through October 27, 2003, Riverbend did not consult Coulter with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Riverbend's financial statements, or any other matters or reportable events as set forth in Items 304(a)(2)(i) and (ii) of Regulation S-B.

Riverbend provided Wegmann with a copy of the foregoing disclosures and attached as Exhibit 16 to Riverbend's Form 8-K filed October 30, 2003, is a copy of Wegmann's letter, dated October 29, 2003, stating their agreement with such statements.

## **Item 8A. CONTROLS AND PROCEDURES**

### **(a) Evaluation of disclosure controls and procedures**

Our principal executive officer and financial officer evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2003 in accordance with Rule 13a-15 under the Exchange Act. Based on his evaluation, he concluded that Riverbend's disclosure controls and procedures enable us to:

- record, process, summarize and report within the time periods specified in the Security and Exchange Commission's rules and forms, information required to be disclosed by Riverbend in the reports that it files or submits under the Exchange Act; and
- accumulate and communicate to management, as appropriate to allow timely decisions regarding required disclosure, information required to be disclosed by Riverbend in the reports that it files or submits under the Exchange Act.

### **(b) Changes in internal control over financial reporting**

There were no changes in Riverbend's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2003 that have materially affected, or are reasonably likely to materially affect, Riverbend's internal control over financial reporting.

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## **PART III**

### **Item 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

The following table sets forth certain information regarding our executive officers, directors and key employees as of April 7, 2004:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director Since</u>
Leon Nowalsky	42	President, Treasurer and a Director	2001
Roy Greenberg	49	Secretary and a Director	2001

**Leon L. Nowalsky** founded Riverbend in August 2001, and has been our President, Treasurer and a Director since inception. Mr. Nowalsky has over sixteen (16) years of experience in telecommunications law and regulation. He is currently a partner in the firm of Nowalsky, Bronston & Gothard, APLLC, a New Orleans based law firm serving the telecommunications industry in regulatory matters, mergers and acquisitions and corporate law. The firm provides advice and counsel to over one hundred public and private telecommunications companies. Since 1992 the firm has represented clients in numerous acquisitions and corporate finance transactions. In 1999 alone, the firm served as lead corporate and/or regulatory counsel in transactions with an aggregate value of over \$1 billion. Mr. Nowalsky has previously served as a director of the following companies: Network Long Distance, Inc., a long distance company which was acquired by IXC Communications (now part of Broadwing, NYSE: BRW) for \$130 million; RFC Capital Corp., a specialty finance company dedicated exclusively to the telecommunications industry which was purchased in 1999 by TFC Financial Corp., a division of Textron (NYSE: TXT); New South Communications, a facilities-based competitive local exchange carrier which recently received a \$125 million investment from Kohlberg, Kravis & Roberts (KKR); and W2Com, LLC, a video conferencing and distance learning provider which was recently acquired by Arel Communications & Software, Ltd. (NASDAQ: ARLC) for \$40 million. Mr. Nowalsky currently serves as a director of J.C. Dupont, Inc., a Louisiana-based oil and gas concern. Mr. Nowalsky received a bachelor degree from Tulane University and a juris doctorate from Loyola Law School. Mr. Nowalsky devotes as much time as is necessary to the business of Riverbend.

**Dr. Roy D. Greenberg**, has been our Secretary and a Director since August 2001. From 1990 to the present, Dr. Greenberg has been in private practice, specializing in pediatric/child and adolescent populations, providing inpatient and outpatient services to children and families, including standard psychological and behavioral assessment, individual and group psychotherapy and cognitive-behavioral therapies. From 1987 to 1989, he served as a developmental specialist for children and families referred to the Human Genetics Program at Tulane University Medical School in New Orleans, LA. He is a member of the American Psychological Association and the Society for Pediatric Psychology. Dr. Greenberg received a B.S. in psychology in 1977 from Tulane University, a M.S. in psychology in 1982 from Tulane University and a Ph.D. in psychology in 1985 from Tulane University. Mr. Greenberg devotes as much time as is necessary to the business of Riverbend.

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## Board of Directors

Our articles of incorporation, as amended, provide that the number of members of our board of directors shall be not less than one and not more than three. Our current number of directors is two. Directors are elected by the stockholders at the annual meeting of stockholders and serve until their successors are duly elected and qualified. Directors are elected for a term of one year. All of the officers of Riverbend serve at the discretion of our board of directors.

## Board Committees

There are currently no committees of the board of directors.

## Executive Officers of Riverbend

The only persons serving as executive officers of Riverbend are Leon Nowalsky who is the President and Treasurer, and Roy Greenberg who is the Secretary.

## Family Relationships

Mr. Nowalsky and Mr. Greenberg are brothers-in-law.

## Section 16(a) Beneficial Ownership Reporting Compliance

To our knowledge, during the fiscal year ended December 31, 2003, our ten percent (10%) stockholders, officers and directors timely complied with all applicable filing requirements under Section 16(a) of the Securities Exchange Act of 1934, as amended. This statement is based solely on a review of the copies of such reports furnished to us by such reporting persons and their written representations that such reports accurately reflect all reportable transactions.

## Code of Ethics

Our Board of Directors has adopted a Code of Ethics to provide guidance on maintaining our commitment to being honest and ethical in our business endeavors. The Code of Ethics applies to our directors, executive officers and employees and covers a wide range of business practices, procedures and basic principles regarding corporate and personal conduct. Our Code of Ethics is filed with this report as Exhibit 14. We undertake to provide without charge, upon request, a copy of our Code of Ethics. Requests should be submitted in writing to the attention of Leon Nowalsky at 826 Barracks Street, New Orleans, Louisiana 70116.

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## Item 10. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth information regarding compensation paid to our President and those other individuals who served as executive officers since Riverbend's inception in August 2001.

<u>Name and Principal Position</u>	<u>Annual Compensation</u>	<u>Long Term Compensation Awards</u>		
	<u>Salary</u>	<u>Restricted Stock Award(s) (\$)</u>	<u>Options/ SARs (#)</u>	<u>All Other Compensation (\$)</u>

	<u>Year</u> <sup>(1)</sup>	<u>(\$)</u>	<u>Bonus</u>			
Leon Nowalsky,	2003	\$ 0	\$ 0	-0-	-0-	\$ 0
President and Treasurer	2002	\$ 0	\$ 0	-0-	-0-	\$ 0
	2001	\$ 0	\$ 0	-0-	-0-	\$ 0
Roy Greenberg,	2003	\$ 0	\$ 0	-0-	-0-	\$ 0
Secretary	2002	\$ 0	\$ 0	-0-	-0-	\$ 0
	2001	\$ 0	\$ 0	-0-	-0-	\$ 0

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(1) Riverbend was incorporated and Messrs. Nowalsky and Greenberg commenced their employment in August 2001.

## Director Compensation

Our directors do not currently and have never received any compensation for serving as directors to date. However, we may adopt a plan of reasonable compensation for our directors, which may include grants of options under our stock option plan. We intend to reimburse any of our non-employee directors, should we ever have any, for all direct expenses incurred by them in attending a board of director meeting and any committee meeting on which they serve.

## Employment Agreements

Riverbend does not have employment agreements with either Mr. Nowalsky or Dr. Greenberg. Riverbend may enter into employment agreements with these individuals when and if we begin to generate sufficient revenue, and may also grant them options under our stock option plan.

## Stock Option Plan

In August 2001, we adopted the 2001 Stock Option Plan, which provides for the issuance of options to purchase up to 2,000,000 shares of common stock to our employees, officers, directors and consultants. The plan was approved by our stockholders in August 2001. Unless sooner terminated, the plan will expire in August 2011.

The purpose of the plan is to encourage stock ownership by our employees, officers, directors and consultants so that they may acquire or increase their proprietary interest in

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Riverbend, and is intended to facilitate Riverbend's efforts to (i) induce qualified persons to become our employees, officers or consultants; (ii) compensate our employees, officers, directors and consultants for past services; and (iii) encourage such persons to become employed by or remain in the employ of or otherwise continue their association with us and to put forth maximum efforts for the success of our business.

The plan is not intended to be the exclusive means by which we may issue options or warrants to acquire our common stock, stock awards or any other type of award. To the extent permitted by applicable law, we may issue any other options, warrants or awards other than pursuant to the plan without stockholder approval.

The plan is administered by the board of directors. At its discretion, the board may determine the persons to whom options may be granted and the terms thereof. The terms of any options granted under the plan are not required to be identical as long as they are not inconsistent with the express provisions of the plan. In addition, the board may interpret the plan and may adopt, amend and rescind rules and regulations for the administration of the plan.

### Options Granted to Directors and Executive Management

No options have been granted to either Mr. Nowalsky or Dr. Greenberg, Riverbend's only directors and executive officers.

### Stock Options Granted to Executive Officers During Last Fiscal Year

The following table sets forth certain information regarding grants of stock options to Riverbend's executive officers during fiscal year 2003.

Name (a)	Number of Securities Underlying Options/SARs Granted (#) (b)	Percent Of Total Options/SARs Granted To Employees In Fiscal Year (c)	Exercise Of Base Price (\$/Sh) (d)	Expiration Date (e)
Leon Nowalsky	0	--	--	--
Roy Greenberg	0	--	--	--



## Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values

The following table sets forth certain information with respect to stock options exercised by Riverbend's executive officers during fiscal year 2003. In addition, the table sets forth the number of shares covered by unexercised stock options held by executive officers as of December 31, 2003 and the value of "in-the-money" stock options, which represent the positive spread between the exercise price of a stock option and the market price of the shares subject to such option as of December 31, 2003.

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<b>Name (a)</b>	<b>Shares Acquired On Exercise (b)</b>	<b>Value Realized (\$) (c)</b>	<b>Number Of Unexercised Securities Underlying Options/SARs At FY-End (#) Exercisable/ Unexercisable (d)</b>	<b>Value Of Unexercised In-The-Money At FY-End (\$) Exercisable/ Unexercisable (e)</b>
Leon Nowalsky	0	--	0	--
Roy Greenberg	0	--	0	--

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## Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### Principal Stockholders

The following table sets forth information with respect to the beneficial ownership of our outstanding common stock as of April 7, 2004 by:

- each person who is the beneficial owner of more than 5% of our common stock;
- each of our directors;
- each of our named executive officers in the summary compensation table;
- all of our named executive officers and directors as a group.

<b><u>Name and Address of Stockholder</u></b>	<b><u>Amount and Nature of Beneficial Ownership</u></b> <sup>(1)</sup>	<b><u>Percent of Class</u></b>
Leon Nowalsky 826 Barracks Street New Orleans, Louisiana 70116	1,900,000	92.8%
Roy Greenberg 826 Barracks Street New Orleans, Louisiana 70116	100,000	4.9%
All officers and directors as a group (2 persons)	2,000,000	97.7%

(1) Calculated pursuant to Rule 13d-3(d) of the Securities Exchange Act of 1934. Unless otherwise stated below, each such person has sole voting and investment power with respect to all such shares. Under Rule 13d-3(d), shares not outstanding which are subject to options,

warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but are not deemed outstanding for the purpose of calculating the percentage owned by each other person listed.

## **Changes in Control**

There are no arrangements known by management at this time which would result in a change in control of Riverbend. However, Riverbend has and is continuing to have preliminary discussions with United Check Services, LLC, a Louisiana limited liability company, involving a potential reorganization, which if consummated, could result in a change in control. As of the date of this report, there are no letters of intent or definitive agreements executed between the parties.

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## **Securities Authorized for Issuance under Equity Compensation Plans**

The information required pursuant to Item 201(d) of Regulation S-B can be found at page 18, under Item 5 of this report.

### **Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

As described elsewhere in this report, Riverbend's offices, located at 826 Barracks Street, New Orleans, Louisiana, occupy the home-office of Leon Nowalsky. Mr. Nowalsky allows Riverbend to use the space as its headquarters rent-free.

For the year ended December 31, 2003, we received \$6,600 from the assignment of commission income from Mr. Nowalsky's wife. The assignment agreement provides that as consideration for Riverbend's management of the agent business developed by Mr. Nowalsky's wife, Riverbend will receive one-third of all commissions Mr. Nowalsky's wife is entitled to receive from the use of telecommunications services by end-users sold by her or her network of subagents. The assignment agreement is for an initial term of five years and may be extended by mutual agreement for two additional five-year periods.

In addition, in August 2002, Leon Nowalsky loaned \$5,000 to Riverbend to assist with operating costs. The loan was evidenced by a promissory note that bears interest at 5% per year and is payable upon demand.

### **Item 13. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits:

- 3.1 Articles of Incorporation of Riverbend Telecom, Inc. dated August 21, 2001 <sup>(1)</sup>
- 3.2 Bylaws of Riverbend Telecom, Inc. <sup>(1)</sup>
- 10.1 Independent Contractor Agreement between Riverbend Telecom, Inc. and Norcom, Inc. <sup>(1)</sup>
- 10.2 NAS Agency Agreement dated July 30, 2002
- 10.3 Assignment Agreement dated July 30, 2002
- 10.4 Assignment Agreement dated January 1, 2003
- 14 Code of Ethics
- 16 Letter from Wegmann – Dazet & Company, APC to The Securities and Exchange Commission dated October 29, 2003 <sup>(2)</sup>

31.1 Principal Executive Officer Certification under Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Principal Financial Officer Certification under Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Principal Executive Officer Certification under Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Principal Financial Officer Certification under Section 906 of the Sarbanes-Oxley Act of 2002

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(1) The documents identified are incorporate by reference from Riverbend's Registration Statement on Form 10-SB filed April 23, 2002.

(2) The document identified is incorporated by reference from Riverbend's Form 8-K filed on October 30, 2003.

(b) Reports on Form 8-K:

A report on Form 8-K was filed on October 30, 2003 reporting a change in Riverbend's auditors under Item 4.

#### **Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

##### **Audit Fees**

Aggregate fees billed for professional services rendered by Coulter & Justus, P.C. for the audit of our annual financial statements for the year ended December 31, 2003 and the review of the financial statements included in our Form 10-QSB for the quarter ended September 30, 2003 were \$1,565. Prior to October 27, 2003, Wegmann – Dazet & Company, APC served as our principal accountant. Aggregate fees billed for professional services rendered by Wegmann – Dazet for the audit of our annual financial statements for the year ended December 31, 2002 and the review of the financial statements included in our Form 10-QSBs filed during the fiscal year ended 2002 and through that firm's resignation on October 27, 2003, were \$13,648.

##### **Audit – Related Fees**

Our principal accountants did not perform any assurance or related services with respect to the audit or review of our financial statements during the last two fiscal years that are not reported above under “Audit Fees.”

### **Tax Fees**

Aggregate fees billed in each of the last two fiscal years for professional services rendered by Wegmann – Dazet & Company, APC for tax compliance were \$1,014.

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### **All Other Fees**

Other than as disclosed above, Coulter & Justus, P.C. or Wegmann – Dazet & Company, APC did not bill us for any other services during the last two fiscal years.

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### **SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RIVERBEND TELECOM, INC.

Date: April 14, 2004

By: /s/ LEON NOWALSKY

Leon Nowalsky

President and Treasurer

(Principal Executive and Financial Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

**Signature**

**Title**

**Date**

/s/ Leon Nowalsky  
Leon Nowalsky

President, Treasurer and  
Director (Principal Executive and  
Financial Officer)

April 14, 2004

/s/ Roy Greenberg  
Roy Greenberg

Secretary and Director

April 14, 2004

## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Riverbend Telecom, Inc.

We have audited the accompanying balance sheet of Riverbend Telecom, Inc. (A Development Stage Company) as of December 31, 2003, and the related statements of operations, stockholders' equity and cash flows for the year then ended and the 2003 amounts included in the statements of operations and cash flows for the period from August 21, 2001 (inception) through December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the statements of operations and cash flows for the period from August 21, 2001 (inception) through December 31, 2002, included in the statements of operations and cash flows for the period from August 21, 2001 (inception) through December 31, 2003. These amounts were audited by other auditors whose report dated March 19, 2003, expressed an unqualified opinion on the financial statements taken as a whole, and our opinion, insofar as it relates to the statements of operations and cash flows for the period from August 21, 2001 (inception) through December 31, 2002, included in the statements of operations, stockholders' equity and cash flows for the period from August 21, 2001 (inception) through December 31, 2003, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Riverbend Telecom, Inc. (A Development Stage Company) at December 31, 2003, and the results of its operations and its cash flows for the year then ended and the period from August 21, 2001 (inception) through December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

March 19, 2004

/s/ Coulter & Justus, P.C.  
Knoxville, Tennessee



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**INDEPENDENT AUDITORS' REPORT**

Shareholders and Board of Directors  
Riverbend Telecom, Inc.

We have audited the accompanying balance sheet of Riverbend Telecom, Inc. (a development stage company) as of December 31, 2002, and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverbend Telecom, Inc. (a development stage company) as of December 31, 2002, and the results of its operations, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ WEGMANN-DAZET & COMPANY, APC.

Metairie, Louisiana  
March 19, 2003

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**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)****BALANCE SHEETS**

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**December 31, 2003 and 2002****ASSETS**

	<u>2003</u>	<u>2002</u>
<b>Current Assets</b>		
Cash	\$ 36,080	\$ 4,722
Accrued phone commissions	20,500	2,440
Receivable – real estate commissions (Note 2)	906	761
Inventory	91	58
<b>Total Current Assets</b>	<b>57,577</b>	<b>7,981</b>
Receivable – real estate commissions (Note 2)	14,414	15,321
<b>Total Assets</b>	<b>\$ 71,991</b>	<b>\$ 23,302</b>

### **LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2003</u>	<u>2002</u>
<b>Current Liabilities</b>		
Accounts Payable	\$ 13,525	\$ 12,400
Accrued Expenses	11,306	95
Note Payable to Stockholder (Note 3)	5,000	5,000
<b>Total Current Liabilities</b>	<b>29,831</b>	<b>17,495</b>

## Stockholders' Equity

Common Stock; \$.001 par value; 10,000,000 shares authorized; 2,046,667 issued	2,047	2,000
Additional paid-in capital	55,051	20,098
Deficit accumulated during the development stage	(14,938)	(16,291)
Total Stockholders' Equity	42,160	5,807
Total Liabilities and Stockholders' Equity	\$ 71,991	\$ 23,302

See accompanying Notes to Financial Statements.

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**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**STATEMENTS OF OPERATIONS**

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**Years ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

	<u>2003</u>	<u>2002</u>	<u>August 21, 2001 (inception) through December 31, 2003</u>
Revenues	\$ 60,214	\$ 56,169	\$ 135,592

Cost of revenues	31,454	43,216	90,881
Gross profit	28,760	12,953	44,711
Operating expenses:			
General and administrative	27,407	23,514	59,649
Net Income (loss)	\$ 1,353	\$ (10,561)	\$ (14,938)
Weighted average number of shares outstanding	2,046,667	2,000,000	
Income (loss) per share – basic and fully diluted	\$ 0.001	\$ (0.005)	

See accompanying Notes to Financial Statements.

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**RIVERBEND TELECOM, INC.  
(A DEVELOPMENT STAGE COMPANY)**

**STATEMENTS OF STOCKHOLDERS' EQUITY**

**For the Period August 21, 2001 (inception) through December 31, 2003**

**Common Stock**

**Additional**

**Paid-in Accumulated**

	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Total</u>
Common stock issued for payment of organization cost, assignment of a receivable and the contribution of prepaid calling card inventory	2,000,000	\$2,000	\$20,098		\$22,098
Net loss for the period from inception to December 31, 2001				\$ (5,730)	(5,730)
Balance as of December 31, 2001	2,000,000	2,000	20,098	(5,730)	16,368
Net loss for the year ended December 31, 2002				(10,561)	(10,561)
Balance as of December 31, 2002	2,000,000	2,000	20,098	(16,291)	5,807
Private placement of common stock with the proceeds being used for working capital purposes	46,667	47	34,953		35,000
Net income for the year ended December 31, 2003				1,353	1,353

Balance as of December 31, 2003	2,046,667	\$2,047	\$55,051	\$(14,938)	\$42,160
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See accompanying Notes to Financial Statements.

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**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**STATEMENTS OF CASH FLOWS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

	<u>2003</u>	<u>2002</u>	<u>August 21, 2001 (inception) through December 31, 2003</u>
<b>Cash Flows from Operating Activities</b>			
Net income (loss)	\$ 1,353	\$(10,561)	\$ (14,938)
Additional paid-in capital issued for stockholder payment of organization cost	-	-	5,000
Adjustments to reconcile net loss to net cash used in operating activities			
Increase in accrued phone commissions	(18,060)	(2,440)	(20,500)

Decrease in receivable – real estate commissions	762	707	1,680
(Increase) Decrease in inventory	(31)	111	7
Increase in accounts payable	1,125	4,432	13,525
Increase in accrued expenses	11,211	95	11,306
Net Cash Used in Operating Activities	(3,642)	(7,656)	(3,920)
Cash Flows from Financing Activities			
Proceeds from sale of common stock	35,000	-	35,000
Loan from Shareholder	-	5,000	5,000
Net Cash Provided by Financing Activities	35,000	5,000	40,000
Net Increase (Decrease) in Cash	31,358	(2,656)	36,080
Cash at beginning of period	4,722	7,378	-
Cash at end of period	\$ 36,080	\$ 4,722	\$ 36,080

See accompanying Notes to Financial Statements.

**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

1) Summary of significant accounting policies

This summary of accounting policies for Riverbend Telecom, Inc. (the “Company”) is presented to assist in understanding the Company’s financial statements. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

a) Organization and basis of presentation

The Company was incorporated under the laws of the State of Nevada on August 21, 2001. The Company is in the development stage as there have been no significant revenues earned from planned principal operations. The Company’s policy is to prepare its financial statements on the accrual basis of accounting with a fiscal year end of December 31<sup>st</sup>.

b) Nature of business and revenue recognition

The Company was organized to market as an independent sales agent telecommunication services for carriers and resellers of local and long distance telephone and prepaid calling card, data and internet services. The Company will enter into contracts with various telecommunication carriers and resellers that will provide for an ongoing commission stream to the Company for local, long distance, data and internet usage generated by each of the customers that the Company is responsible for providing to the carriers and resellers.

As an independent sales agent, the Company is not responsible for transporting, billing and collecting for the usage associated with each customer. The Company provides the customer specific information to the carrier or reseller who handles all of these functions. The Company intends that under the majority of its contracts, the carrier or reseller will be contractually obligated to pay the Company commissions on a monthly basis for as long as each customer remains on the carrier or reseller’s service or in some instances, for as long as the customers solicited by the Company maintain a specified volume or revenue with the specific carrier or reseller. The Company records these monthly commissions as revenue when earned.



The Company recognizes revenues from the sale of prepaid calling cards at the time the cards are sold. Provisions for discounts, returns, and other adjustments are provided for in the same period the related revenues are recorded.

The Company has focused its marketing efforts on residential and small to medium sized businesses located primarily in Louisiana and its surrounding region. As a method to acquire customer accounts, the Company is developing a network of independent sales agents.

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**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

1) Summary of significant accounting policies (continued)

c) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

e) Fair value of financial instruments

The fair value of the Company's financial instruments approximates their carrying value based upon the type and nature of the financial instruments.

f) Inventory

Inventory consists of prepaid telephone cards that are stated at the lower of cost (first-in, first-out) or market.

g) Receivables

The Company performs ongoing credit evaluations of its customers' financial condition, but does not require collateral to support customer receivables. The Company charges accounts to bad debt expense as they are determined to be uncollectible based upon a review of aging and collections. The Company has experienced no credit losses.

h) Major agency agreements

In August 2001, the Company executed an agreement with Norcom, Inc., a reseller of telecommunication services. Under the terms of the agreement, Norcom, Inc. paid commissions to the Company on all local and long distance revenues generated by it from customers provided by the Company.

In March 2002, Norcom, Inc. was purchased by NUI Telecom, Inc. and the Company's agreement with Norcom, Inc. was converted into an agreement with Norcom Agency Services, Inc. (NAS), an entity whose shareholders had been shareholders of Norcom, Inc. Under the agreement with NAS, which utilizes the network services of NUI Telecom, Inc., the Company continues to receive the same commission payments on all local and long distance revenues generated by NAS from those customers that the Company originally provided to Norcom, Inc.

The Company's non-transferable and non-exclusive agreement with NAS also provides for the Company to be paid commissions on all local, long distance, data and internet telecommunications revenues generated by NAS from customers provided by the Company.

**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

1) Summary of significant accounting policies (continued)

h) Major agency agreements (continued)

The agreement, which can be terminated by NAS with 30 days notice, expires in August 2005; however, a new agreement may be entered into at the expiration of the current agreement.

Additionally, the NAS agreement provides for a one-time bonus commission to be paid to the Company based on the September 2003 usage revenue generated by NAS from customers provided by the Company. The usage revenue excludes any revenue from customer accounts established previously under the original agreement between the Company and Norcom, Inc. The bonus commission is a multiple of two times the September 2003 usage revenue. In 2003, the Company earned \$17,217 in bonus commissions under this arrangement, which amounted to 29% of total revenues.

For the years ended December 31, 2003 and 2002, the Company earned 84% or \$50,434 and 92% or \$51,399, respectively, of its revenue from commissions paid by NAS and Norcom, Inc.

The Company has agreements with five sub-agents to provide customers, on the Company's behalf, to NAS. Pursuant to an agreement with the sub-agents, portions of the commissions that are received by the Company from NAS are paid to the sub-agents. In addition, one of the sub-agents is entitled to \$10,961 of the \$17,217 bonus commission described above, which amounted to 35% of total cost of revenues in 2003.

For the years ended December 31, 2003 and 2002, the Company incurred \$31,454 and \$42,034, respectively, in commission expense under these agreements.

i) Income taxes

Income taxes are generally provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of assets for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

j) Stock-based compensation

The Company accounts for its stock options using the intrinsic value method as prescribed by Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees" and related interpretations. The Company has adopted the disclosure-only provisions of the Financial Accounting Standards Board ("FASB") Statement No. 123, "Accounting for Stock-Based Compensation ("FAS 123) as amended by FASB Statement No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure ("FAS 148"). The Company has no awards issued or outstanding under its stock option plans; accordingly, there is no impact on the Company's results of operations had the Company adopted the fair value recognition provisions of FAS 123.

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**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

1) Summary of significant accounting policies (continued)

k) Earnings (loss) per share

Basic earnings (loss) per common share are calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if options or awards to issue common stock were exercised or converted into common shares. Diluted earnings (loss) per common share are calculated by adjusting outstanding shares, assuming conversion of all potentially dilutive stock options and awards. There are no potentially dilutive stock options, awards or stock appreciation rights outstanding for the year ended December 31, 2003.

1) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the 2003 presentation.

2) Receivable – real estate commissions

In 2001, the majority shareholder assigned to the Company the current and future rights to receive real estate commissions in connection with a lease agreement for real property located in Texas. In addition, the majority shareholder assigned to the Company the rights to receive a commission of 1.5% to 2.5% on the selling price of the property, subject to certain limitations. The underlying lease can be renewed for three consecutive periods of ten years each, under the same terms and conditions as the primary term.

The receivable for these real estate commissions earns interest at 17.6% and has a carrying value of \$15,320 (including \$906 reflected as current) at December 31, 2003, and \$16,082 (including \$761 reflected at current) at December 31, 2002.

3) Note Payable

The Company has an unsecured note payable to the majority stockholder in the amount of \$5,000. The note bears interest at 5% and is payable on demand. The Company incurred \$250 in interest expense during 2003 and 2002.

4) Stock option plan

In August 2001, the Company's Board of Directors adopted a stock option plan (the "2001 Stock Option Plan"). The Plan, which expires in August 2011, authorizes the Board of Directors to grant non-qualified and incentive stock options, stock awards and stock

appreciation rights to eligible employees, directors, officers and consultants of the Company. The Plan provides for the reservation and availability of up to 2,000,000 shares of common stock of the Company. The Board of Directors fixes the term of any option granted under the Plan at the time the option is granted. As defined in the Plan, the exercise price for each option shall be equal to 85% to 110% of the fair market value of the common stock on the date of grant and shall vest as determined by the Board of Directors. There are no options, stock awards or stock appreciation rights granted under the Plan for the year ended December 31, 2003 or 2002.

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**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

5) Related Party Transactions

In 2003, the Company recorded \$6,600 from an assignment of commission revenues from Mr. Nowalsky's wife. The assignment agreement provides that as consideration for Riverbend's management of the agent business developed by Mr. Nowalsky's wife, Riverbend will receive one-third of all commissions Mr. Nowalsky's wife is entitled to receive from the use of telecommunication services by end-users sold by her or her network of subagents. The assignment agreement is for an initial term of five years and may be extended by mutual agreement for two additional five-year periods.

6) Income taxes

The Company has no provisions for current or deferred income taxes for the years ended December 31, 2003 and 2002.

Under the asset and tax liability method of SFAS No. 109, Accounting for Income Taxes, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates

expected to be recovered or settled. The tax effects of temporary differences that give rise to the deferred tax assets as of December 31 are as follows:

	<u>2003</u>	<u>2002</u>
Deferred tax assets:		
Accrued expenses	\$ 1,644	\$ -
Net operating loss carryforwards	197	1,894
Tax over book basis – organizational costs	400	549
	2,241	2,443
Less: Valuation allowance	(2,241)	(2,443)
Net deferred tax assets	\$ -	\$ -

A valuation allowance is required for those deferred tax assets that are not likely to be realized. Realization is dependent upon future earnings during the period that temporary differences and carry forwards are expected to be available. Because of the uncertain nature of their ultimate realization, a full valuation allowance is recorded against these deferred tax assets. The valuation allowance decreased by \$202 in 2003 due to the decrease in deferred tax assets. The valuation allowance increased by \$1,594 in 2002 due to an increase in deferred tax assets for which realization was not probable. The net operating loss carryforward of \$1,311 was generated in 2002 and expires in 2022.

**RIVERBEND TELECOM, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO FINANCIAL STATEMENTS**

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**Years Ended December 31, 2003 and 2002 and for the Period  
from August 21, 2001 (inception) through December 31, 2003**

6) Income taxes(continued)

A reconciliation of income tax expense (benefit) with the amount of tax computed by applying the federal statutory rate to pre-tax income (loss) follows:

	<u>2003</u>	<u>2002</u>
Net income (loss)	\$ 1,353	\$ (10,561)
Tax expense (benefit) at statutory rate	460	(3,591)
Tax bracket	(258)	2,007
Valuation allowance	(202)	1,584
Total income taxes	\$ -	\$ -

7) Subsequent Event

Subsequent to December 31, 2003, the Company entered into a non-binding term sheet providing for the acquisition of United Check Services, LLC (“United”) through the issuance of 8,400,000 shares of Company restricted common stock. If the transaction is completed, the former shareholders of United will own the majority of the outstanding shares of the Company.





## **Exhibit 10.2**

### **NAS AGENCY AGREEMENT**

THIS NAS AGENCY AGREEMENT (this “Agreement”) made this 30<sup>th</sup> day of July, 2002 between Norcom Agency Services, Inc., a Florida corporation (“NAS”) with offices located at 40 S.E. 5<sup>th</sup> Street, Suite 500, Boca Raton, Florida 33432 and Ava Rosenberg, a Sole Proprietor (“Agent”), with offices located at 826 Barrack Street, New Orleans, LA 70116.

**WHEREAS**, NAS is engaged in selling and marketing local, long distance, data and internet telecommunication services (collectively, the “Telecom Services”) to businesses throughout the United States utilizing the network services of NUI Telecom, Inc. (“NUI”); and

**WHEREAS**, NAS is desirous of engaging other individuals and/or entities to assist NAS in selling and marketing the Telecom Services; and

**WHEREAS**, Agent desires to engage in this activity and to solicit customers to purchase the Telecom Services sold by NAS.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed by and between NAS and Agent as follows:

### **ARTICLE I**

#### **DEFINITIONS**

For purposes of this Agreement capitalized terms used herein, unless otherwise defined herein, shall have the following meanings:

- 1.1 “Commission Payment Date” shall be the end of the third full week of each calendar month for the previous month billing. The Commission Payment Date is subject to external processing which could, at the discretion of NAS and, from time to time, be slightly altered given the availability of call records.
  
- 1.3 “Residual Commissions” shall be monthly residual amounts payable to Agent for Telecom Services sold by Agent under this Agreement.

- 1.4 “Customer” shall consist of end-users of the NAS Telecom Services solicited by Agent on behalf of NAS and its Service Provider, NUI, which have had Subscriber Service Agreements (“SSA’s”) submitted to and accepted by NAS.
- 1.5 “Commissionable Revenue” shall consist of revenues arising from qualified local dial tone, interstate, intrastate, international, and calling card usage volume, billed by NUI for usage of NAS’s Telecom Services by those Customers of NAS and NUI with whom the Agent is the representative and further described as:

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(i) Qualified interstate and intrastate usage volume, collectively known as Domestic volume, and consisting of calls placed inside the territorial bounds of the United States (including Puerto Rico and the U.S. Virgin Islands) by the Customers of NAS with whom the Agent is the representative; and

(ii) Qualified international volume consisting of calls placed from the United States to locations outside the territorial bounds of the United States and during the standard and/or discount economy rate period by Customers of NAS with whom the Agent is the representative;

provided however that Commissionable Revenues shall exclude surcharges, service fees, finance charges, federal, state and local taxes, Universal Service Fund fees, PICC, monthly recurring charges and any other billed amounts not relating to monthly service or usage charges.

- 1.6 “NAS Telecom Services” shall mean the Telecom Services offered by NAS through NUI.

## **ARTICLE II**

### **REPRESENTATION OF SERVICES**

#### **2.1 DESCRIPTION OF REPRESENTATION**

NAS hereby grants to Agent, and Agent hereby accepts a non transferable non-exclusive right to market the NAS Telecom Services to Customers in those states where NUI is certified to provide Telecom Service. NAS shall, pursuant to the terms and conditions of this Agreement, fully compensate Agent for sales of the NAS Telecom Services provided through NAS' service provider, NUI, and accepted by NAS, provided that the sale of the NAS Telecom Services was originated by Agent.

#### **2.2 AGREEMENT TERM AND CONTINUATION OF RESIDUAL COMMISSIONS**

- (a) Except as may otherwise be agreed upon in writing by the parties, the term of this Agreement (the "Term") shall begin on the date on which it is executed by NAS and Agent and shall continue in force for a period of thirty (30) months from the latest date this Agreement is signed by the parties. At the expiration of the Term, and subject to the terms and conditions of Section 3.3 of this Agreement, NAS and Agent may, but shall not be obligated to, enter into another Agency Agreement reflecting all revisions instituted since the signing of this Agreement or otherwise on terms mutually satisfactory to NAS and Agent.
  
- (b) Either party may terminate this Agreement with respect to the services provided and commissions payable if the Federal Communications Commission, a state Public Utilities Commission, or a court of competent jurisdiction issues an order, ruling or tariff change

which materially and adversely affects this Agreement, its profitability to either party or either party's ability to perform its responsibilities as set forth herein. Such termination shall not give rise to any claims to damages, provided however, that each party shall comply with its obligations hereunder up to the date of termination.

- (c) In the event of expiration or termination per paragraph 3.3(c) of this Agreement, NAS shall continue to compensate the Agent through Residual Commissions related to the Agent's book of business (customer accounts) for as long as the Agent's book of business continues to generate monthly Commissionable Revenue with NAS of at least \$4,000.00. The continuation of Residual Commission payments following the expiration or termination of this Agreement shall cease, with no further obligations between the parties in the event the minimum monthly Commissionable Revenue from the Agent's book of business falls below \$4,000.00 for any one month.

### **ARTICLE III**

#### **OTHER PROVISIONS**

##### 3.1 **REPRESENTATION, WARRANTIES AND AGREEMENTS OF NAS**

- (a) NAS represents and warrants that (i) each representation made by NAS under this Agreement is accurate, (ii) NAS has entered into agreements which are necessary to enable Agent to perform the services for which it are appointed, and for which it will receive commissions and (iii) except as otherwise specifically provided herein, that NAS has the power and authority to enter into this Agreement and to grant to Agent the rights conveyed herein.
  
- (b) NAS warrants that it shall use its commercially reasonable best efforts in processing the SSA's submitted to NAS by Agent. NAS will have no liability resulting from the inability of a Local Exchange Carrier ("LEC") or an underlying carrier to process a service order in a timely fashion.

- (c) NAS shall not accept a new service order or a new product order from an end-user that NAS determines is currently utilizing NAS's Telecom Services as a result of the efforts of another agent. The agent who is originally responsible for placing the end-user with NAS will be the party entitled to receive commission. NAS will use its commercially reasonable best efforts in determining the origin of the SSA submitted to NAS so as not to undermine the sales effort of the Agent. NAS's decision as to the party entitled to receive the commission will be final and non-appealable.
  
- (d) NAS shall provide Agent with a standard SSA form to be used by the Agent to process and execute a request for NAS Telecom Services by a Customer.

### 3.2 REPRESENTATION, WARRANTIES AND AGREEMENTS OF AGENT

- (a) Agent will seek and obtain the approval of NAS for all stationary, forms, advertising materials and any changes to the standard SSA form prior to their use. Such materials shall comply with NAS's graphics and other guidelines and their use shall, in the opinion of NAS, be in conformance with the requirements of all regulatory authorities. NAS shall respond to such requests for approval of marketing materials as promptly as is practical under the circumstances. Inaction by NAS shall constitute disapproval.
  
- (b) Agent shall quote to the customer only the Telecom Service rates contained in NAS's current rate schedule(s), which have been attached hereto and which may be amended, from time-to-time, in the sole discretion of NAS, unless Agent and NAS otherwise agree in writing prior to the time of the price quotation by Agent.

- (c) An SSA obtained by Agent is not binding upon NAS until accepted by NAS or unless otherwise agreed to by NAS in writing. Agent shall not represent itself as an employee, agent or exclusive distributor of NAS.
  
- (d) Agent will obtain original signatures from customers on all SSA, Letter of Agency and Responsible Organization Letter forms submitted to NAS. Under no circumstances will Agent sign or caused to be signed, a customer's signature, irrespective of any customer's permission to do so.
  
- (e) Agent shall promptly transmit to NAS all original SSAs for the NAS Telecom Services which Agent has solicited and NAS has approved and accepted. Agent shall be responsible for the accuracy and completeness of all information contained in the SSA.
  
- (f) Agent may use the NAS or Norcom trade names and logos in connection with its marketing and advertising activities under this agreement provided Agent obtains prior written approval from NAS in order to assure proper use.
  
- (g) Agent shall not claim any right, title or interest in, or to, NAS's or Norcom's trade name, logo or any NAS trademark and shall not use the same except in connection with the solicitation of orders for NAS's Telecom Services for NAS's acceptance pursuant to this Agreement.
  
- (h) Agent shall in good faith and with diligence maintain and promote marketing of NAS's Telecom Services in accordance with normal business procedures and practices in the industry, and in accordance with NAS's marketing policies. Agent, at the discretion of NAS, will perform such other services incidental to marketing NAS's Telecom Services from time to time as reasonably requested by NAS, including but not limited to assistance in payment collection on delinquent Customer accounts. The failure to comply with the reasonable requests of NAS will be considered a breach of this Agreement.

### 3.3

#### **TERMINATION**

- (a) NAS may terminate this Agreement immediately in the event that Agent (i) violates any of the conditions and provisions hereof relating to NAS's marketing requirements and/or SSA customer signature requirements, or (ii) discloses confidential and proprietary information or otherwise breaches any of the terms of Section 3.4 hereof. Upon termination of this Agreement, Agent shall promptly return to NAS any written materials of any type belonging to NAS including but not limited to, SSA originals and material which may contain duly marked confidential information, and all copies thereof. If the Agreement is terminated for any of the aforementioned reasons, Agent will not be entitled to any Residual Commissions.
  
- (b) Either party may terminate this Agreement on thirty (30) days' written notice if the other party materially breaches any of its duties or obligations hereunder, other than those addressed in Section 3.3(a), unless the breaching party commences action to cure such breach within thirty (30) days after receipt of such notice and such breach has been cured within ninety (90) days after receipt of such notice. Upon termination of this Agreement by NAS pursuant to this Section 3.3(b), the obligation of NAS to pay commissions hereunder, including, without limitation, Residual Commissions, shall terminate.
  
- (c) This Agreement may also be terminated by NAS, with thirty (30) days written notice, if, in the opinion and the sole discretion of NAS, the business relationship with the Agent is deemed unsatisfactory for any reason. This termination provision will neither be unreasonably imposed nor relieve NAS from the responsibility to pay Residual Commissions on existing Customers relative to the conditions set forth in paragraph 2.2(c). Such termination shall not give rise to any claims of damages by the Agent against NAS.

### 3.4

#### **TRADE SECRETS AND CONFIDENTIALITY**



- (a) During the course of performance of this Agreement, each party may disclose to the other certain confidential information as defined in paragraph (b) below. Each party shall hold the other party's Confidential Information in confidence and shall use its best efforts to protect it. Each party shall not disclose the other party's Confidential Information to any third party, and shall use it for the sole purpose of performing under this Agreement. At the conclusion of this Agreement, each party shall either return the other's Confidential Information in its possession (including all copies) or shall, at the disclosing party's direction, destroy the other party's Confidential Information (including all copies) and certify its destruction to the disclosing party. Unless written consent is otherwise granted by the disclosing party, Confidential Information shall be restricted to employees in the receiving party's organization who have a need to know such information in order to fulfill the purpose of this Agreement. Such employees shall be notified of the proprietary nature of such information and the requirement to hold it in confidence pursuant to this Agreement. The receiving party shall use the same degree of care with such information as it employs with its own Confidential Information but in all events the receiving party

shall use at least a reasonable degree of care and shall be liable for any unauthorized disclosures of Confidential Information by it, its employees, agents or consultants. Agent acknowledges that a violation of this Section 3.4 by Agent may result in the termination of this Agreement pursuant to Section 3.3.

- (b) "Confidential Information" of a party shall mean all information and documentation of such party, whether disclosed to or accessed by the other party in connection with this Agreement, including (1) all information related to such party's customers, pricing, rates, employees, operations, technology, facilities, markets, products, capabilities, systems, procedures, security practices, research, development, business affairs and finances, ideas, concepts, inventions, designs, business methodologies, improvements, trade secrets, copyrightable subject matter, patents and other intellectual property and proprietary information, (2) any information or data developed by reference to such party's information or data and (3) the terms of this Agreement.
- (c) The term "Confidential Information" shall not include any information which: (a) is in the public domain at the time of disclosure or enters the public domain following disclosure through no fault of the receiving party, (b) the receiving party can demonstrate as already in its lawful possession prior to disclosure hereunder and not subject to an existing agreement of confidence between the parties or is subsequently disclosed to the receiving

party with no obligation of confidentiality by a third party having the right to disclose it or (c) is independently developed by the receiving party without reference to the disclosing party's Confidential Information.

- (d) Either party may disclose the other party's Confidential Information if required by, and in accordance with, the order of any competent court or government agency, provided that prior to disclosure the receiving party shall inform the other party of such order.
  
- (e) Each party agrees that its obligations provided in this Section 3.4 are necessary and reasonable in order to protect the disclosing party and its business, and each party expressly agrees that monetary damages would be inadequate to compensate the disclosing party for any breach by the receiving party of its covenants and agreements set forth in this Agreement. Accordingly, each party agrees and acknowledges that any such violation or threatened violation will cause irreparable injury to the disclosing party and that, in addition to an other remedies that may be available, in law, in equity or otherwise, the disclosing party shall be entitled to obtain injunctive relief against the threatened breach of this Agreement or the continuation of any such breach by the receiving party, without the necessity of proving actual damages.
  
- (f) The provisions of this Section 3.4 shall survive the termination of this Agreement.

### 3.5 **NON-SOLICITATION**

Agent agrees that for a period of twelve (12) months after the date that Agent receives a bonus payment from or on behalf of NAS pursuant to this Agreement, Agent shall not, directly or indirectly, commit any act of undertake any activity that would tend to interfere with or disrupt any existing relationship between NAS and any of its carriers, suppliers, vendors, distributors, business partners or customers. Agent further agrees not to contact or solicit any of the customers who subscribe to Norcom's or NAS's Telecom Services as a result of Agent's sales and marketing efforts for the purpose of switching any of said customers to another telecommunications provider.

Agent agrees that if it breaches this Section 3.5, (i) Agent shall forfeit its right to any bonus payable to Agent (ii) if any bonus payment was previously paid to Agent by or on behalf of NAS, Agent shall promptly pay NAS for the amount of such bonus and NAS may set-off such amount against commissions or other amounts due from NAS to Agent, and (iii) Agent shall cease to be eligible for, and NAS shall no longer pay to Agent, Residual Commissions.

No termination or expiration of this Agreement shall release Agent from its obligations under this Section 3.5.

### 3.6 **ASSIGNMENT**

Agent may not assign this Agreement or any or all of Agent's rights or obligations under this Agreement, including without limitation, the right of Agent to receive Residual Commissions, without the prior written consent of NAS. NAS may assign this Agreement or any or all of its right, title and interest in, to and under this Agreement, in its sole and absolute discretion without the consent of Agent. Subject to the foregoing restrictions with respect to Agent, this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

### 3.7 **NOTICES**

Notices, requests or other communications relating to this Agreement shall be in writing and delivered by certified mail return receipt requested, bonafide overnight delivery services or courier, or by facsimile with confirmation of receipt and with a confirming telephone call to the appropriate person and address below (or such other address as may be notified in accordance with this paragraph):

If to NAS:

Norcom Agency Services, Inc.  
40 S.E. 5<sup>th</sup> Street, Suite 500  
Boca Raton, Florida 33432  
Attention: Julian Jacquez  
Phone (561) 392-2550

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If to Agent:

Name Ava Rosenberg  
Address 826 Barrack Street  
City New Orleans State LA Zip Code 70116  
Phone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Notice shall be deemed to have been given and received (a) if by hand delivery, upon delivery, (b) if by overnight courier, on the date scheduled for delivery, and (c) if by facsimile, upon confirmation of receipt.

### 3.8 **SEVERABILITY**

In the event that any section, paragraph or portion of this Agreement is deemed, by any court having lawful jurisdiction of the subject matter of this Agreement, to be void, voidable or invalid for any reason, this Agreement

otherwise will be deemed to be valid and enforceable as if the void, voidable or invalid section paragraph or portion of this Agreement had not been a part of this Agreement in the first instance.

### 3.9 **AUTHORITY TO BIND**

NAS warrants that it has the right to grant the right to Agent to market NAS's Telecom Services. Each person executing this Agreement on behalf of another person or entity hereby warrants he or she has full legal authority to execute this Agreement for and on behalf of that person or entity so as to bind that party.

### 3.10 **INDEMNIFICATION**

Agent shall defend, indemnify and hold NAS and its affiliates and the officers, directors, agents and employees of each, harmless from and against any and all claims, suits, damages, losses, liabilities, obligations, fines, penalties, costs and expenses (whether based on tort, breach of contract, product liability, property damage, personal injury, patent or copyright infringement or otherwise), including reasonable legal fees and expenses, of whatever kind or nature, arising out of, based on, or otherwise in connection with (i) this Agreement, including, without limitation, any oral or written representation or warranty regarding Telecom Services made by Agent or its employees, agents or contractors which were not authorized in writing by NAS, and (ii) any agreement the Agent establishes with sub contractors or sub agents.

### 3.11 **SETTLEMENT OF DISPUTES**

In the event of any controversy or claim arising from or relating to this Agreement, or the making, performance or interpretations of this Agreement, the parties initially, in good faith, shall attempt to resolve the dispute among themselves. If the parties are unable to resolve their dispute privately, then such controversy or claim will be settled by binding arbitration administered by the American Arbitration Association (“AAA”) under its Commercial Arbitration Rules, as amended by this Agreement (the “AAA Rules”), and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties also agree that the AAA Optional Rules for Emergency Measures of Protection shall apply to the proceedings. The location of arbitration shall be [Newark, New Jersey]. Either party may initiate arbitration by providing written demand for arbitration (with a copy to the other party), a copy of this Agreement and the administrative fee required by the AAA Rules to the AAA in [Somerset, NJ]. The remaining cost of the arbitration, including arbitrator’s fees, shall be shared equally by the parties unless the arbitration award provides otherwise. Each party shall bear the cost of preparing and presenting its case. The parties agree to undertake all reasonable steps to expedite the arbitration process. One arbitrator will be appointed in accordance with the AAA Rules within thirty (30) calendar days of the submission of the demand for arbitration. The arbitrator shall designate the time and place in [Newark, NJ] for the hearing within thirty (30) calendar days of his or her appointment. Each party agrees that the arbitrator’s authority to grant relief shall be subject to the provisions of this Agreement, the United States Arbitration Act, the ABA-AAA Code of Ethic for Arbitrators in Commercial Disputes, the Communications Act of 1934, as amended, and any other applicable law. The arbitrator shall not be able to award, nor shall any party be entitled to receive punitive, incidental, consequential, exemplary, reliance or special damages, including damages for lost profits. The arbitrator’s decision shall follow the plain meaning of the Agreement and shall be final, binding and enforceable in a court of competent jurisdiction.

### 3.12 **GOVERNING LAW**

This Agreement shall be governed and construed in accordance with the laws of the State of [New Jersey] without reference to conflict of laws principles, and subject to Section 3.8, the parties agree to the exclusive jurisdiction of the courts of the State of New Jersey.

3.13 **LIMITATION OF LIABILITY**

IN NO EVENT SHALL NAS BE LIABLE TO THE AGENT OR ITS CUSTOMERS, AGENTS OR SUBCONTRACTORS FOR ANY SPECIAL, DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE, LOSS OF PROFITS, OR LOSS OF CUSTOMERS, CLIENTS OR GOODWILL, SUFFERED BY AGENT OR OTHERS, ARISING IN ANY MANNER FROM THIS AGREEMENT OR THE PERFORMANCE OR NON-PERFORMANCE OF NAS HEREUNDER, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGE WAS DISCLOSED TO NAS OR COULD HAVE BEEN REASONABLY FORESEEN BY NAS

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UNLESS SPECIFICALLY STATED HEREIN, NAS MAKES NO WARRANTIES, REPRESENTATIONS OR AGREEMENTS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PUPOSE, WITH RESPECT TO THE NAS TELECOM SERVICES.

3.14 **MISCELLANEOUS**

- (a) The relationship of NAS and Agent under this Agreement is that of an independent contractor and such relationship shall continue throughout the term of this Agreement and any extension or renewal thereof. Nothing contained in this Agreement shall be construed to constitute either party as a partner, joint venture, officer, employee, legal representative or agent of the other nor shall Agent incur any obligations or indebtedness, expressed or implied, on behalf of NAS. All persons employed by Agent shall be considered solely Agent's employees, and Agent shall comply and be solely responsible for payment of all its employee's unemployment, social security and other payroll taxes, including contributions from Agent when required by law. NAS shall have no control over Agent's directors', officers, employees or agents, including the terms and conditions of their employment, nor over Agent's methods of doing business except as may be set forth herein.

- (b) None of Agent of any of its employees, agents or sub-contractors has the authority to bind NAS to any representation or agreement, orally or in writing, with a third party.
  
- (c) Neither party shall be held responsible for any delay or failure in performance to the extent that such delay or failure is caused by fires, embargoes, floods, wars, the elements, labor disputes, government requirements, acts of God, inability to secure raw materials or transportation facilities, acts or omissions of carriers or suppliers or other cause beyond its control whether or not similar to the foregoing; provided, however, that performance of each party's obligations hereunder shall not be excused by reason of an act of government authority in the exercise of its enforcement powers against a party for the alleged violation of any law, rule, or regulation.
  
- (d) The right of either party to terminate this Agreement hereunder shall not be effected in any way by its waiver of, or failure to take, any action with respect to any previous default.
  
- (e) Any out-of-pocket expense incurred by Agent in the performance of this Agreement shall be paid solely by Agent.
  
- (f) This Agreement contains the entire understanding of the parties and supersedes all prior oral and written representations and statements between the parties. This Agreement may be amended only in writing by mutual agreement of both parties.

3.15 **COUNTERPARTS**



This Agreement may be signed in any number of counterparts with the same effect as if the signatures or initials were upon the same instrument.

## **ARTICLE IV**

### **COMMISSION SCHEDULE**

#### 4.1 **TERMS AND CONDITIONS OF COMMISSION PAYMENT**

- (a) As compensation for services rendered hereunder, on each Commission Payment Date NAS shall pay to Agent a commission based on Commissionable Revenue in accordance with the rate and commission schedules contained in Exhibit(s) I-V attached hereto and made a part hereof. NAS records shall be deemed correct for the purposes of calculating the Commissionable revenues and the corresponding commission. NAS shall assume the financial responsibility for bad debt; provided however, Agent will be charged back any commissions previously paid on billing for unpaid end-user invoices.
  
- (b) Any per call surcharges, PICC fees, Universal Service Fund and on-time fees or monthly recurring fees do not qualify for commissions and will not be included in Commissionable Revenue unless approved in writing by NAS.
  
- (c) It is expressly understood that NAS is not a party to, and shall have no liability or responsibility under or with respect to, any agreements the Agent establishes with sub contractors or sub-agents.
  
- (d) Agent shall bear the responsibility for the preparation and issuance of commission payments and statements for its sub contractors. In the event NAS agrees in writing to perform such additional administrative services on

behalf of the Agent, the Agent must deliver valid IRS form W-9's for each sub contractor and such additional services will be performed by NAS on a fee basis.

- (e) NAS shall continue to provide residual commission payments related to the Agent's existing book of business (customer accounts) as of March 31, 2002, which was established under a predecessor contract between Norcom, Inc. and the Agent. Such residual commission payments shall continue at the commission rates established and in effect as of March 31, 2002, subject to the provisions of paragraph 2.2(c).

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives.

Ava S. Rosenberg  
Company/Individual Name (print)

**NORCOM AGENCY SERVICES, INC.**

/s/ Ava S. Rosenberg  
Authorized Signature  
Date: 7/31/02

By: /s/  
Title: COO  
Date: 8/02/02

# 2040

Assigned Dealer Number

Federal ID or Social Security Number

**Certification**

Under penalties of perjury, I certify that:

1. The number shown above is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to back withholding.

**Signature** /s/ Ava S. Rosenberg **Date** 7/30/02

## Exhibit 10.3

### ASSIGNMENT

For good and valuable consideration, the sufficiency of which each party acknowledges through their signature hereunder, Ava Rosenberg agrees to assign and transfer and Riverbend Telecom and Riverbend agrees to accept such assignment and transfer of that certain Agent Agreement dated July 30, 2002, together with all obligations and responsibilities thereunder.

Riverbend agrees to indemnify and hold Ava Rosenberg harmless from any residual or ongoing obligations pursuant to that Agent Agreement

/s/ Ava Rosenberg  
Ava Rosenberg

/s/ Leon Nowalsky, President  
Riverbend Telecom, Inc.

## **Exhibit 10.4**

This Agreement is made this 1<sup>st</sup> date of January, 2003, by and between Ava Rosenberg and Riverbend Telecom, Inc. (“Riverbend”).

For and in consideration of Riverbend taking over the management of the Agent business developed by Ava Rosenberg which includes both ongoing Agent and Customer Support, Ava Rosenberg agrees to pay to Riverbend one-third of all commissions she is entitled to receive from the use of telecommunications services by end-users sold by Ava on her sub-agents.

This Agreement is for a term of five (5) years and can be extended for two (2) additional five-year periods of five (5) years by mutual agreement of the parties.

/s/ Ava Rosenberg  
Ava Rosenberg

## Exhibit 14

### **RIVERBEND TELECOM, INC. CODE OF BUSINESS CONDUCT AND ETHICS**

The Board of Directors of Riverbend Telecom, Inc. (the “Company”) has adopted this code of ethics (this “Code”) to:

- promote honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest;
- promote full, fair, accurate, timely and understandable disclosure;
- promote compliance with applicable laws and governmental rules and regulations;
- ensure the protection of the Company’s legitimate business interests, including corporate opportunities, assets and confidential information; and
- deter wrongdoing.

All directors, officers and employees of the Company are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them.

For purposes of this Code, the “Code of Ethics Contact Person” will be the President of the Company or such other person as designated by the Board of Directors.

From time to time, the Company may waive some provisions of this Code. Any waiver of the Code for executive officers or directors of the Company may be made only by the Board of Directors and must be promptly disclosed as required by SEC rules. Any waiver for other employees may be made only by the President of the Company.

#### **I. Honest and Candid Conduct**

Each director, officer and employee owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

Each director, officer and employee must:

- Act with integrity, including being honest and candid while still maintaining the confidentiality of information where required or consistent with the Company's policies.
- Observe both the form and spirit of laws and governmental rules and regulations, accounting standards and Company policies.
- Adhere to a high standard of business ethics.

## **II. Conflicts of Interest**

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. For example, a conflict of interest would arise if a director, officer or employee, or a member or his or her family, receives improper personal benefits as a result of his or her position in the Company. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Code of Ethics Contact Person.

Service to the Company should never be subordinated to personal gain and advantage. Conflicts of interest should, wherever possible, be avoided.

In particular, clear conflict of interest situations involving directors, executive officers and other employees who occupy supervisory positions or who have discretionary authority in dealing with any third party specified below may include the following:

- any significant ownership interest in any supplier or customer;
- any consulting or employment relationship with any customer, supplier or competitor;

- any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- the receipt of non-nominal gifts or excessive entertainment from any company with which the Company has current or prospective business dealings;
- being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member; and
- selling anything to the Company or buying anything from the Company, except on the same terms and conditions as comparable directors, officers or employees are permitted to so purchase or sell.

Such situations, if material, should always be discussed with the Code of Ethics Contact Person.

Anything that would present a conflict for a director, officer or employee would likely also present a conflict if it is related to a member of his or her family.

### **III. Disclosure**

Each director, officer or employee involved in the Company's disclosure process, including the President, Treasurer, Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, or other officers serving in similar functions, (the "Senior Financial Officers"), is required to be familiar with and comply with the Company's disclosure controls and procedures and internal control over financial reporting, to the extent relevant to his or her area of responsibility, so that the Company's public reports and documents filed with the Securities and Exchange Commission ("SEC") comply in all material respects with the applicable federal securities laws and SEC rules. In addition, each such person having direct or supervisory authority regarding these SEC filings or the Company's other public communications concerning its general business, results, financial condition and prospects should, to the extent appropriate within his or her area of responsibility, consult with other Company officers and employees and take other appropriate steps regarding these disclosures with the goal of making full, fair, accurate, timely and understandable disclosure.

Each director, officer or employee who is involved in the Company's disclosure process, including without limitation the Senior Financial Officers, must:

- Familiarize himself or herself with the disclosure requirements applicable to the Company as well as the business and financial operations of the Company.



- Not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's independent auditors, governmental regulators and self-regulatory organizations.
  
- Properly review and critically analyze proposed disclosure for accuracy and completeness (or, where appropriate, delegate this task to others).

#### **IV. Compliance**

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each employee, officer and director to adhere to the standards and restrictions imposed by those laws, rules and regulations.

It is against Company policy and in many circumstances illegal for a director, officer or employee to profit from undisclosed information relating to the Company or any other company. Any director, officer or employee may not purchase or sell any of the Company's securities while in possession of material nonpublic information relating to the Company. Also, any director, officer or employee may not purchase or sell securities of any other company while in possession of any material nonpublic information relating to that company.

Any director, officer or employee who is uncertain about the legal rules involving a purchase or sale of any Company securities or any securities in companies that he or she is familiar with by virtue of his or her work for the Company, should consult with the Company's legal counsel before making any such purchase or sale.

#### **V. Reporting and Accountability**

The Board of Directors is responsible for applying this Code to specific situations in which questions are presented to it and has the authority to interpret this Code in any particular situation. Any director, officer or employee who becomes aware of any existing or potential violation of this Code is required to notify the Code of Ethics Contact Person promptly. Failure to do so is itself a violation of this Code.

Any questions relating to how this Code should be interpreted or applied should be addressed to the Code of Ethics Contact Person. A director, officer or employee who is unsure of whether a situation violates this Code should discuss the situation with the Code of Ethics Contact Person to prevent possible misunderstandings and embarrassment at a later date.

Each director, officer or employee must:

- Notify the Code of Ethics Contact Person promptly of any existing or potential violation of this Code.

- Not retaliate against any other director, officer or employee for reports of potential violations that are made in good faith.

The Board of Directors shall take all action they consider appropriate to investigate any violations reported to them. If a violation has occurred, the Company will take such disciplinary or preventive action as it deems appropriate.

## **VI. Corporate Opportunities**

Directors, officers and employees owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Directors, officers and employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors, officers and employees are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. Directors, officers and employees who intend to make use of Company property or services in a manner not solely for the benefit of the Company should consult beforehand with the Code of Ethics Contact Person.

## **VII. Confidentiality**

In carrying out the Company's business, directors, officers and employees often learn confidential or proprietary information about the Company, its customers, suppliers, or joint venture parties. Directors, officers and employees must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of the Company, and of other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed.

## **VIII. Fair Dealing**

We have a history of succeeding through honest business competition. We do not seek competitive advantages through illegal or unethical business practices. Each director, officer and employee should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

## **IX. Protection and Proper Use of Company Assets**

All directors, officers and employees should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

**CERTIFICATION**

Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:

I, Leon Nowalsky, certify that:

1. I have reviewed this 10-KSB of Riverbend Telecom, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report.
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, is made known to us by others, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or its reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Leon Nowalsky

Leon Nowalsky

Title: President (Principal Executive Officer)

Date: April 14, 2004

## EXHIBIT 31.2

### CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:

I, Leon Nowalsky, certify that:

1. I have reviewed this 10-KSB of Riverbend Telecom, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report.
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, is made known to us by others, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or its reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Leon Nowalsky

Leon Nowalsky

Title: Treasurer (Principal Financial Officer)

Date: April 14, 2004

## EXHIBIT 32.1

### CERTIFICATION

*Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

In connection with the Annual Report of Riverbend Telecom, Inc. (the “Company”) on Form 10-KSB for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Leon Nowalsky, as Principal Executive Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
  
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leon Nowalsky \_\_\_\_\_

Leon Nowalsky

President (Principal Executive Officer)

Date: April 14, 2004

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

## EXHIBIT 32.2

### CERTIFICATION

*Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

In connection with the Annual Report of Riverbend Telecom, Inc. (the “Company”) on Form 10-KSB for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Leon Nowalsky, as Principal Financial and Accounting Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
  
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leon Nowalsky

Leon Nowalsky

Treasurer (Principal Financial Officer)

Date: April 14, 2004

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.