COMPETITIVE COMPANIES INC
Form 10-Q
May 20, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 333-76630

COMPETITIVE COMPANIES, INC
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	65-1146821 (I.R.S. Employer Identification No.)
3751 Merced Drive, Suite A Riverside, CA (Address of principal executive offices)	92503 (Zip Code)

(951) 687-6100
(Registrant's telephone number, including area code)

Copies of Communication to:
Stoecklein Law Group
402 West Broadway
Suite 690
San Diego, CA 92101
(619) 704-1310
(619) 704-1325

Indicate by check mark whether the issuer (1) 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 x No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Ruble 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No x

The number of shares of Common Stock, $0.001 par value, outstanding on May 18, 2009, was 68,303,390 shares.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Competitive Companies, Inc.
Condensed Consolidated Balance Sheets

Assets	March 31, 2009 (Unaudited)	December 31, 2008
Current assets:		
Cash	$ 16,647	$ 23,340
Account receivable, net of allowance of $68,323 and $75,913	74,945	82,514
Prepaid expenses	2,689	2,997
Total current assets	94,281	108,851
Property and equipment, net	58,557	56,425
Other assets:		
Deposits	1,366	1,366
Total assets	$ 154,204	$ 166,642
Liabilities and Stockholders' Equity / (Deficit)		
Current liabilities:		
Accounts payable	$ 213,536	$ 162,812
Accrued expenses	22,889	32,025
Customer deposits	39,880	44,670
Current maturities of long term debt, net of discounts of $776 and $2,630 at March 31, 2009 and December 31, 2008, respectively	33,593	24,070
Total current liabilities	309,898	263,577
Long term debt, less current maturities	6,585	8,476
Total liabilities	316,483	272,053
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value 100,000,000 shares authorized:		
Class A convertible, no shares issued and outstanding with no liquidation value	-	-
Class B convertible, 1,495,436 shares issued and outstanding with no liquidation value	1,495	1,495
Class C convertible, 1,000,000 shares issued and outstanding with no liquidation value	1,000	1,000
Common stock, $0.001 par value, 500,000,000 shares authorized, 67,409,910 and 64,187,630 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	67,410	64,188

Subscription payable (1,053,480 and 2,180,280 shares)	57,674	114,014
Additional paid-in capital	3,071,361	2,913,469
Accumulated (deficit)	(3,361,219)	(3,199,577)
Total stockholders' equity (deficit)	(162,279)	(105,411)
Total liabilities and stockholders' equity (deficit)	$ 154,204	$ 166,642

The accompanying notes are an integral part of these financial statements.

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Competitive Companies, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the three months ending March 31, 2009	2008
Revenue	$ 90,300	$ 179,320
Cost of sales	81,498	120,999
Gross profit	8,802	58,321
Expenses:		
General and administrative	102,865	76,533
Salaries and wages	47,209	52,586
Consulting fees	10,448	420
Depreciation	7,855	8,553
Bad debts (recoveries)	(1,140)	9,266
Total operating expenses	167,237	147,358
Net operating (loss)	(158,435)	(89,037)
Other income (expenses):		
Interest expense	(3,207)	(1,718)
Total other income (expenses)	(3,207)	(1,718)
Net (loss)	$ (161,642)	$ (90,755)
Weighted average number of common shares outstanding - basic and fully diluted	65,102,944	56,707,050
Net (loss) per share - basic and fully diluted	$ (0.00)	$ (0.00)

The accompanying notes are an integral part of these financial statements.

Competitive Companies, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ending March 31, 2009	2008
Cash flows from operating activities		
Net (loss)	$ (161,642)	$ (90,755)
Adjustments to reconcile net (loss) to		
net cash (used in) operating activities:		
Depreciation	7,855	8,553
Provision for bad debts (recoveries)	(1,140)	9,266
Amortization of beneficial conversion feature	1,854	-
Decrease (increase) in assets:		
Accounts receivable	8,709	13,465
Prepaid expenses	308	(611)
Increase (decrease) in liabilities:		
Accounts payable	50,724	29,183
Accrued expenses	(9,136)	16,966
Customer deposits	(4,790)	900
Net cash (used in) operating activities	(107,258)	(13,033)
Cash flows from investing activities		
Purchase of equipment	(9,987)	(1,640)
Net cash used in investing activities	(9,987)	(1,640)
Cash flows from financing activities		
Proceeds from long term debt	27,025	20,000
Principal payments on long term debt	(21,247)	(1,612)
Proceeds from sale of common stock	104,774	-
Net cash provided by financing activities	110,552	18,388
Net (decrease)/increase in cash	(6,693)	3,715
Cash - beginning	23,340	3,909
Cash - ending	$ 16,647	$ 7,624
Supplemental disclosures:		
Interest paid	$ 6,298	$ 443
Income taxes paid	$ -	$ -
Non-cash investing and financing activities:		
Shares issued for subscriptions payable	$ 104,014	$ -

The accompanying notes are an integral part of these financial statements.

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Competitive Companies, Inc.
Notes to Consolidated Financial Statements

Note 1 – Summary of Accounting Policies

The condensed consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2008 and notes thereto included in the Company's Form 10-K annual report. The Company follows the same accounting policies in the preparation of interim reports.

Results of operation for the interim period are not indicative of annual results.

Reclassifications
Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Note 2 – Going Concern

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $3,361,219 and a working capital deficit of $215,617 at March 31, 2009, and have reported negative cash flows from operations over the last five years. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months, and we expect to have ongoing requirements for capital investment to implement our business plan. Finally, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which we operate.

Since inception, our operations have primarily been funded through private equity financing, and we expect to continue to seek additional funding through private or public equity and debt financing.

Competitive Companies, Inc.
Notes to Consolidated Financial Statements

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Our consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Note 3 – Related Party

From time to time the Company has received loans from the former Officer, Jerald L. Woods. The total of the unsecured loans carried an 18% interest rate and were due on demand. The balance of the notes in the amount of $4,500 and accrued interest of $5,996 were paid in full as of March 31, 2009 (See Note 5).

During the three months ending March 31, 2009 Jerry Woods was also repaid $6,004 for unreimbursed expenses that he previously paid on behalf of the Company. An unpaid accounts payable balance of $5,075 remains outstanding as of March 31, 2009.

On January 30, 2009, during the annual meeting of shareholders, a new CEO was elected. Mr. William Gray was elected to replace Jerald L. Woods. During the meeting a new board of directors was elected by a majority of the shareholders. The following board members were elected:

William Gray	Ray Powers
Jerald Woods	David Hewitt
Larry Griffin	Michael Benbow
Tonni Lyn Smith-Atkins	

On April 1, 2009 we consummated an acquisition of three companies under common control by our CEO, Bill Gray. Subsequent to the three months ending March 31, 2009 the following companies became wholly owned subsidiaries of Competitive Companies, Inc. and are not reflected in these financial statements (See Note 8):

DiscoverNet, Inc.	ICM, Inc.
ICM, LLC	

Competitive Companies, Inc.
Notes to Consolidated Financial Statements

During the three months ending March 31, 2009 the Company received unsecured, interest free loans due on demand in the amount of $27,025 from DiscoverNet, Inc. During the three months ending March 31, 2009 $15,000 of the loans were repaid, and a balance of $12,025 remains unpaid. Imputed interest was deemed immaterial and management hasn't recorded it as such.

During the three months ending March 31, 2009 the Company capitalized website development costs in the amount of $9,987. The website development services were provided by DiscoverNet, Inc., a Company under common control by the CEO, Bill Gray. An unpaid accounts payable balance of $1,863 remained outstanding as of March 31, 2009. The company believes this to have taken place in an arm's length transaction, and the amount capitalized represents the equivalent purchase price from a third party vendor.

Note 4 – Property and equipment

Property and equipment consist of the following:

	March 31, 2009	December 31, 2008
Telecommunication equipment and computers	$ 245,741	$ 274,419
Less accumulated depreciation	(187,184)	(217,994)
	$ 58,557	$ 56,425

Depreciation expense totaled $7,855 and $8,553 for the three months ending March31, 2009 and 2008, respectively. During the three months ending March 31, 2009 the Company disposed of $38,665 of fully depreciated assets that were no longer in service. No gain or loss resulted from the disposal.

Note 5 – Long Term Debt

Notes payable consists of the following at March 31, 2009 and December 31, 2008, respectively:

Competitive Companies, Inc.
Notes to Consolidated Financial Statements

	March 31, 2009	December 31, 2008
Unsecured convertible promissory note carries an 8.75% interest rate, maturing on May 11, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater.	$ 10,000	$ 10,000
Unsecured convertible promissory note carries an 8.75% interest rate, maturing on April 30, 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to eighty percent (80%) of the volume weighted average price of the Company's common stock for the twenty two (22) trading days prior to the conversion date, or $0.001 per share, whichever is greater.	5,000	5,000
Related party, unsecured promissory note carries an 18% interest rate, due on demand. Interest expense of $5,133 and $863 accrued during the years ended December 31, 2008 and 2007, respectively and remains unpaid as of December 31, 2008 (See Note 3).	-	4,500
Related party, unsecured, interest free promissory note, due on demand. (See Note 3).	12,025	-
Unsecured note payable to a stockholder, with interest at 8%, and monthly principal and interest payments of $683, maturing on February 23, 2011.	13,929	15,676
Total debt	40,954	35,176
Less: discount on beneficial conversion feature	776	2,630
Less: current portion	33,593	24,070
Long-term debt, less current portion	$ 6,585	$ 8,476

Competitive Companies, Inc.
Notes to Consolidated Financial Statements

In accordance with EITF No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios"("EITF 98-5") and EITF No. 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments" ("EITF 00-27"), the Company recognized and measured the embedded beneficial conversion feature present in the convertible debt, by allocating a portion of the proceeds equal to the intrinsic value of the feature to additional paid-in-capital. The intrinsic value of the feature was calculated on the commitment date using the effective conversion price of the convertible debt. This intrinsic value is limited to the portion of the proceeds allocated to the convertible debt.

The aforementioned accounting treatment resulted in a total debt discount equal to ($3,750). The discount is amortized over a six month period, from the date of issuance until the stated redemption date of the debt.

According to the terms of the Convertible Promissory Notes, the number of shares that would be received upon conversion was 389,614 shares at March 31, 2009.

During the three months ending March 31, 2009 and the year ended December 31, 2008, the Company recorded financial expenses in the amount of $1,854 and $1,120, respectively, attributed to the amortization of the aforementioned debt discount.

As of March 31, 2009, no shares were issued pursuant to debt conversion.

The Company recorded interest expense in the amount of $3,207 and $1,718 for the three months ending March 31, 2009 and 2008, respectively.

Scheduled maturities of long-term debt as of March 31, 2009 are as follows:

Years	Amounts
2010	33,593
2011	6,585
Thereafter	-

Note 6 – Commitments and contingencies

We lease our operating facility in Riverside California under a non-cancelable 5-year operating lease expiring December 14, 2011. The lease provides for increases in future minimum annual rental payments based on defined annual increases beginning with monthly payments of $2,433 and culminating in a monthly payment of $2,945 in 2011. Lease expense totaled $9,867 and $7,682 during the three months ending March 31, 2009 and 2008, respectively.

Competitive Companies, Inc.
Notes to Consolidated Financial Statements

Future minimum lease payments required are as follow:

Year	Amount	
2009	$24,328	
2010	33,931	
2011	32,394	
Total		$ 90,653

On November 3, 2008 the Company entered into a non-binding Letter of Intent with Worldwide Communications, Inc. concerning the acquisition of forty (40) microwave towers ("Asset Purchase Agreement"). The terms of the proposed agreement specify that CCI issue two million newly issued Convertible Preferred Shares at a price of $1 per share, with 10% or 200,000 shares to be placed immediately in escrow upon the signing of the completed Asset Purchase Agreement, of which the proposed closing date was November 28, 2008. Due to delays involving the inspection of the towers the closing did not occur on the original closing date, and the agreement has been extended indefinitely. CCI expects to close on the acquisition during the second quarter of 2009. The conversion terms have not yet been determined. In addition, the terms of the agreement include a purchaser buy-back arrangement whereby, upon acceptable financing, CCI intends to buy back a total of two hundred thousand of the Convertible Preferred Shares in exchange for two hundred thousand dollars ($200,000).

On August 26, 2008 the Company entered into a non-binding Letter of Intent with Innovation Capital Management, Inc. ("ICM") concerning the acquisition of one hundred percent (100%) of the outstanding capital stock, or ownership interest of ICM, a communications company organized under the laws of the State of Delaware. The terms of the proposed agreement specify that CCI issue 31,816,191 shares of common stock, valued at an estimated $1,344,335, in exchange for 100% of the assets and liabilities of ICM, of which the proposed closing date was October 1, 2008. Due to delays in the due diligence process the closing did not occur as planned on October 1, 2008, and the agreement has been extended indefinitely. CCI expects to finalize the due diligence and close on the acquisition during the second quarter of 2009. The proposed purchase agreement is contingent on CCI conducting a proxy vote to increase the total authorized shares of common stock, which occurred on January 30, 2009. On February 10, 2009 the CEO of ICM was elected and appointed as CEO of CCI commensurate with the resignation of Jerald Woods. Jerald Woods continued to serve as a Board of Director with CCI after his resignation.

On January 29, 2009 the Company entered into a non-binding Letter of Intent with International Telecom, Inc. ("ITI") concerning the acquisition of one hundred percent (100%) of the outstanding capital stock, or ownership interest of ITI, a communications company organized under the laws of the State of Alaska. Subsequently management has decided to forego the acquisition of ITI and no further actions will be pursued by CCI.

On March 4, 2009 the Company entered into a non-binding Letter of Intent with IBFA Acquisition, LLC. (“IBFA”) concerning the acquisition of one hundred percent (100%) of the outstanding capital stock, or ownership interest of IBFA, a communications company organized under the laws of the State of Wisconsin. The terms of the proposed agreement are yet to be determined, and may include a cash down payment and a portion payable in common stock and/or an earn-out feature limited to a twelve month period paid quarterly based on earnings results.

Note 7 – Stockholders’ equity

On January 30, 2009, the shareholders of the Registrant voted to increase the authorized common shares of the Registrant from 70,000,000 authorized shares of common stock to 500,000,000 authorized shares of common stock. Additionally, the shareholders voted to increase the authorized preferred shares of the Registrant from 10,000,000 authorized shares of preferred stock to 100,000,000 authorized shares of preferred stock. As a result of this vote, the Registrant filed an amendment to its Articles of Incorporation to reflect this change.

Common stock
During the three months ending March 31, 2009 the Company issued a total of 2,080,280 shares of common stock to six individual investors that had purchased the Company’s common stock during the three month period ending, December 31, 2008, which was previously recorded as stock subscriptions payable in the total amount of $104,014.

During the three months ending March 31, 2009, CCI received $57,100 in exchange for a total of 1,142,000 shares of its $.001 par value common stock from a total of five individual investors.

During the three months ending March 31, 2009, CCI received $47,674 in exchange for a total of 953,480 shares of its $.001 par value common stock from a total of six individual investors. The shares have not been issued as of the filing of this report.

Note 8 – Subsequent Events

On March 4, 2009 the Company entered into a non-binding Letter of Intent with IBFA Acquisition, LLC. (“IBFA”) concerning the acquisition of one hundred percent (100%) of the outstanding capital stock, or ownership interest of IBFA, a communications company organized under the laws of the State of Wisconsin. The terms of the proposed agreement are yet to be determined, and may include a cash down payment and a portion payable in common stock and/or an earn-out feature limited to a twelve month period paid quarterly based on earnings results.

Competitive Companies, Inc.
Notes to Consolidated Financial Statements

On April 1, 2009 the Company acquired three entities under common control of our CEO, William H. Gray. Innovation Capital Management, Inc., a Delaware corporation ("ICM"), Innovation Capital Management, LLC, a Texas Limited Liability Company ("ICM LLC"), and DiscoverNet, Inc, a Wisconsin corporation ("DiscoverNet"), collectively referred to as the "Selling Entities", sold 100% of their interests, collectively 31,816,191 shares, in exchange for an aggregate of 31,816,191 shares of Competitive Companies, Inc.'s common stock, valued at an estimated $1,275,000. No shares have yet been exchanged as of the date of this filing.

On May 7, 2009 the Company agreed to purchase forty (40) telecommunication towers from Worldwide Communications, Inc. (Holder) in exchange for one million (1,000,000) shares of the Company's yet to be established, Convertible Series D Preferred Stock and ten million (10,000,000) restricted shares of the Company's common stock. Each Series D Preferred share is convertible into ten (10) shares of restricted common stock under the following schedule (based on the daily trading closing price):

1. 25% at September 30, 2009 or if the stock trades at or above $0.10/share for ten consecutive days;
2. 25% at December 31, 2009 or if the stock trades at or above $0.15/share for ten consecutive days

The conversion is subject to proportional adjustment for stock splits. No shares have yet been exchanged as of the date of this filing.

Common stock

On April 10, 2009 the Company issued a total of 793,480 shares of common stock to five individual investors that had purchased the Company's common stock during the three month period ending March 31, 2009, which was previously recorded as stock subscriptions payable in the total amount of $39,674.

On April 10, 2009 the Company issued 100,000 shares of common stock to an individual investor that had purchased the Company's common stock on March 28, 2007, which was previously recorded as stock subscriptions payable in the total amount of $10,000.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements”. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “exp “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except for our ongoing securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement. Additionally, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 most likely do not apply to our forward-looking statements as a result of being a penny stock issuer. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- Our current deficiency in working capital;
- Increased competitive pressures from existing competitors and new entrants;
- Our ability to market our services to new subscribers;
- Inability to locate additional revenue sources and integrate new revenue sources into our organization;
- Adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- Changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate;
- Consumer acceptance of price plans and bundled offering of our services;
- Loss of customers or sales weakness;
- Technological innovations;
- Inability to efficiently manage our operations;
- Inability to achieve future sales levels or other operating results;
- Inability of management to effectively implement our strategies and business plan
- Key management or other unanticipated personnel changes;
- The unavailability of funds for capital expenditures; and
- The other risks and uncertainties detailed in this report.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see Item 1A.
Risk Factors in this document and in our Annual Report on Form 10-K for the year ended December 31, 2008.

AVAILABLE INFORMATION

We file annual, quarterly and special reports and other information with the SEC that can be inspected and copied at the public reference facility maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0405. Information regarding the public reference facilities may be obtained from the SEC by telephoning 1-800-SEC-0330. The Company's filings are also available through the SEC's Electronic Data Gathering Analysis and Retrieval System which is publicly available through the SEC's website (www.sec.gov). Copies of such materials may also be obtained by mail from the public reference section of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0405 at prescribed rates.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW AND OUTLOOK

CCI is a Nevada corporation that acts as a holding company for its operating subsidiaries, Competitive Communications, Inc. ("Competitive Communications"), which is an approved and regulated local and long distance telephone company, and CCI Residential Services Inc. ("CCI Residential"), which is a non-regulated telephone company providing local and long distance telephone service, high-speed Internet and cable television service to large apartment complexes.

The telecommunications products and services provided by the company and its subsidiaries include local telephone services, domestic and international long distance services, and enhanced voice, data and Internet services, and Cable TV service primarily to residents of apartment complexes, retail businesses and residential users. It is our intention in the future to provide bundled services to our customers as well as expand to customers beyond apartment complexes by providing additional services and options than our current products.

Since the beginning of 2008 the Company has attempted to locate new revenue sources with the hopes to create a wider customer base from that of just servicing large apartment complexes. During the second half of 2008, the Company entered into two Letters of Intent to help potentially expand its revenues sources. The first Letter of Intent is with Innovation Capital Management, Inc. ("ICM") whereby the Company intends to merge with ICM's operations and proprietary technology to expand the wireless Internet services to rural America.

The second Letter of Intent is with Worldwide Communications, Inc. whereby the Company intends to acquire 40 carrier-grade microwave towers, which the Company hopes will further expand its operations in providing wireless internet services to rural markets in America. The terms of the proposed agreement specify that the Company will issue two million issued Convertible Preferred Shares at a price of $1 per share, with 10% or 200,000 shares to be placed immediately in escrow upon the signing of the completed Asset Purchase Agreement. The closing was originally anticipated to occur in November of 2008; however, due to delays involving the inspection of the towers the agreement has been extended. Again, it is anticipated that the closing will occur in the second quarter of 2009.

Recent Developments

On January 29, 2009, we entered into a non-binding Letter of Intent with International Telecom, Inc. ("ITI") concerning the acquisition of one hundred percent (100%) of the outstanding capital stock, or ownership interest of ITI, a communications company organized under the laws of the State of Alaska. Subsequently management has decided to forego the acquisition of ITI and no further actions will be pursued by CCI.

On March 4, 2009, we entered into a non-binding Letter of Intent with IBFA Acquisition, LLC. ("IBFA") concerning the acquisition of one hundred percent (100%) of the outstanding capital stock, or ownership interest of IBFA, a communications company organized under the laws of the State of Wisconsin. The terms of the proposed agreement are yet to be determined, and may include a cash down payment and a portion payable in common stock and/or an earn-out feature limited to a twelve month period paid quarterly based on earnings results.

The LOI with IBFA reflects the present intentions of the parties and is subject to execution of a definitive agreement.

As of the date hereof, we have not entered into a definitive and/or binding agreement for the LOI with IBFA mentioned above. When any such agreement is reached we will file notice of such agreement or facts with the Securities and Exchange Commission on Form 8-K.

Share Exchange Agreement

On April 1, 2009, we entered into a share exchange agreement with Innovation Capital Management, Inc., a Delaware corporation, Innovation Capital Management, LLC, a Texas limited liability company, DiscoverNet, Inc., a Wisconsin corporation (collectively, "Selling Entities"), and the stockholders of the Selling Entities (collectively, "Stockholders"). Pursuant to the agreement, we agreed to issue an aggregate of 2,907,560 shares of our common stock in exchange for 29,075,600 Selling Entities Shares, which represent all of the issued and outstanding shares of the Selling Entities. The issuance of our common stock to the Stockholders and the transfer of the Selling Entities Shares will take place as soon as possible and after the satisfaction of all the conditions set forth in the agreement. On May 5, 2009 the Company filed a voluntary petition for bankruptcy on behalf of DiscoverNet, Inc. The shares have not been exchanged as of the date of this filing. A copy of the agreement is attached hereto as Exhibit 10.1.

For the three months ended March 31, 2009, we had a net loss of $161,642 as compared to a net loss of $90,755 for the three months ended March 31, 2008. Our accumulated deficit at the end of the three months ended March 31, 2009 was $3,361,219. These conditions raise substantial doubt about our ability to continue as a going concern over the next twelve months.

Press Releases

On January 6, 2009, the Company issued a press release announcing it had engaged Worldwide Capital Group, LLC as its financial advisor to the Company.

On February 11, 2009, the Company issued a press release announcing it had executed a sales contract with a wholesale distribution channel to provide T-mobile network operating procedures.

On February 11, 2009, the Company issued another press release announcing its contract with MLM Marketing Company for the purchase of 5,000 T-mobile SIMS cards.

On February 19, 2009, we issued a press release to announce that we signed a letter of intent to acquire International Telecom, Inc.

On March 17, 2009, we issued a press release announcing that Ms. Tonni Lynn Smith-Atkins resigned her position on the board of directors for personal reasons.

On April 9, 2009, we issued a press release to announce that we signed a vendor financing agreement worth $1,000,000 for the acquisition and marketing of IPTV services to be made available to six of our California apartment properties.

Copies of the press releases were attached as exhibits to our 2008 Annual Report on Form 10-K filed on April 15, 2009.

Results of Operations for the Three Months Ended March 31, 2009 and 2008

The following table summarizes selected items from the statement of operations at March 31, 2009 compared to March 31, 2008.

INCOME:

	Three Months Ended March 31,		Increase (Decrease)	
	2009	2008	$	%
Revenues	$ 90,300	$ 179,320	$(89,020)	(50)%
Cost of Sales	81,498	120,999	(39,501)	(33)%
Gross Profit	$ 8,802	$ 58,321	$(49,519)	(85)%
Gross Profit Percentage of Revenue	10%	33%	--	(23)%

Revenues

Revenues for the three months ended March 31, 2009 was $90,300 compared to revenues of $179,320 for the three months ended March 31, 2008. This resulted in a decrease in revenues of $89,020, or 50%, when compared to the same period one year ago. Regulations governed by the Federal Communications Commission were changed that allowed direct competitors to our telephone and cable services to compete with our customers in the apartment complexes that we service. As a result, we were unable to remain competitive with larger competitors and some of our customers have switched providers and ultimately, we have begun to experience a critical decrease in revenues.

Due to this change in the regulatory environment of our traditional business operations, we have begun to pursue and investigate alternative revenue sources. During the second quarter of 2008, we located potential other revenues sources of providing wireless internet services to rural markets by executing Letters of Intent with a couple of entities. This letter of intent was consummated on April 1, 2009 and as a result we have acquired three entities which we hope will enhance our revenue sources. Additionally, we executed an LOI during the first quarter of 2009, which should also provide additional revenue streams in the future. We hope these services will provide additional revenues while maintaining a continuous focus on our core business; however, there can be no assurance that we will be able to successfully execute definitive agreements or properly integrate the entities that we have signed Letters of Intent with. As of the three months ended March 31, 2009, we had not received any revenue from newly identified sources.

Cost of sales

Cost of sales for the three months ended March 31, 2009 was $81,498, a decrease of $39,501, or 33%, from $120,999 for the three months ended March 31, 2008. During the three months ended March 31, 2009, we experienced decreased revenues which reduced some of our cost of sales. In addition, some of our contracts with apartment complexes have expired which has reduced some commission expenses. We are continuing to eliminate underutilized circuits and have made continued efforts to continually manage and reduce costs, where applicable.

Gross profit percentage of revenue

Gross profit margins decreased by 23% from the prior year due to our inability to reduce cost of sales on a pro rata basis with our reduction in revenues. Our fixed costs supporting the infrastructure of our telephone and cable services cannot be reduced without completely cutting off services. Overall our gross profit has decreased as a result of not being able to better manage our cost of sales in relation to our decrease in revenues.

EXPENSES:

	Three Months Ended March 31,		Increase (Decrease)	
	2009	2008	$	%
Expenses:				
General and administrative expenses	$ 102,865	$ 76,533	$ 26,332	34%
Salaries and wages	47,209	52,586	(5,377)	(10)%
Consulting fees	10,448	420	10,028	2,388%
Depreciation	7,855	8,553	(698)	(8)%
Bad debt (recoveries)	(1,140)	9,266	(10,406)	(112)%
Total operating expenses	167,237	147,358	19,879	13%
Net operating (loss)	(158,435)	(89,037)	(69,398)	78%
Other income (expense):				
Interest expense	(3,207)	(1,718)	(1,489)	87%
Total other income (expense)	(3,207)	(1,718)	(1,489)	87%
Net (loss)	$(161,642)	$(90,755)	$ (70,887)	(78%)

General and Administrative expenses

General and administrative expenses were $102,865 for the three months ended March 31, 2009 versus $76,533 for the three months ended March 31, 2008, which resulted in an increase of $26,332 or 34%. The increase in our general and administrative expenses was a result of additional legal and professional fees.

Salaries and Wages

Salaries and wages expenses were $47,209 for the three months ended March 31, 2009 versus $52,586 of salaries and wages expenses for the three months ended March 31, 2008, which resulted in a decrease of 10%. During the first three months of 2009, we had decreased salaries as a result of reductions in our personnel during the second quarter of 2008. Subsequent to the year ended December 31, 2008, we appointed a new Chief Executive Officer and President of the Company. We expect that we may need to increase our personnel in the future and ultimately experience higher salaries and wages as we expand our operations and finalize potential acquisitions and alternative revenue sources.

Consulting Fees

Consulting fees were $10,448 for the three months ended March 31, 2009 compared to $420 consulting fees for the three months ended March 31, 2008. The significant increase in consulting fees was a result of result of professional services in the pursuit of finding financing and merger & acquisition candidates.

Depreciation

Depreciation expenses were $7,855 for the three months ended March 31, 2009 versus $8,553 for the three months ended March 31, 2008. We anticipate our depreciation expenses to remain stable.

Bad Debt

Bad debt expenses (recoveries) for the three months ended March 31, 2009 were $(1,140) as compared to $9,266 for the same period of 2008, which resulted in a decrease of $10,406. We were able to decrease our allowance of bad debt as a result of having fewer accounts likely being sent to a third party collection agency and the ability to actually collect on debt previously deemed to not be recoverable.

Net Operating (Loss)

The net operating loss for the three months ended March 31, 2009 was $(158,435), versus a net operating loss of $(89,037) for the three months ended March 31, 2008. This resulted in an increase of 78% when compared to the same period of 2008. Our increased loss was due to a significant increase in our consulting fees during the three months ended March 31, 2009, as well as a 50% reduction in revenues from the same period in 2008.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total current assets, liabilities and working capital at March 31, 2009 compared to December 31, 2008.

	March 31, 2009	December 31, 2008	Increase / (Decrease) $	%
Current Assets	$ 94,281	$ 108,851	$(14,570)	(13)%
Current Liabilities	$ 309,898	$ 263,577	$ 46,321	18%
Working (Deficit)	$(215,617)	$(154,726)	$ 60,891	39%

While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development of alternative revenue sources. As of March 31, 2009, we had a working capital deficit of $(215,617). Our poor financial condition raises substantial doubt about our ability to continue as a going concern and we have incurred losses since inception and may incur future losses. In the past, we have conducted private placements of equity shares and during the first quarter of 2009 we received approximately $104,774 in proceeds from a private placement of our shares.

During the three months ending March 31, 2009, we received short term financing in the net amount of $12,025 from an entity that was subsequently acquired. The related party notes are due on demand and are interest free, unsecured debts.

During the fourth quarter of 2008, we executed two unsecured promissory notes for a total of $15,000. The notes carry an 8.75% interest rate and mature during the second quarter of 2009. The principal is convertible into shares of common stock at the discretion of the note holder at a price equal to 80% of the volume weighted average price of the Company's common stock for the 22 days prior to conversion, or $.001 per share, whichever is greater. Additionally, we had unsecured notes payable in the amount of $25,954 to stockholders of the Company as March 31, 2009.

However, should we not be able to continue to secure additional financing when needed, we may be required to slow down or suspend our growth or reduce the scope of our current operations, any of which would have a material adverse effect on our business.

Our future capital requirements will depend on many factors, including the expansion of our wireless internet services in rural markets; VoIP services; additional marketing of the (800) services; the cost and availability of third-party financing for development; addition of new revenue sources; and administrative and legal expenses.

We anticipate that we will incur operating losses in the next twelve months. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks for us include, but are not limited to, an evolving and unpredictable business model; recognition of additional revenue sources; and the management of growth. To address these risks, we must, among other things, expand our customer base, implement and successfully execute our business and marketing strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Satisfaction of our cash obligations for the next 12 months.

As of March 31, 2009, our cash balance was $16,647. Our plan for satisfying our cash requirements for the next twelve months is through sales-generated income, sale of shares of our common stock, third party financing, and/or traditional bank financing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient amounts of revenues to meet our working capital requirements. Consequently, we intend to make appropriate plans to insure sources of additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities.

Going Concern

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $3,361,219 and a working capital deficit of $215,617 at March 31, 2009, and have reported negative cash flows from operations over the last three years. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months. The Company’s ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature in which we operate.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Summary of product and research and development that we will perform for the term of our plan.

We are not anticipating significant research and development expenditures in the near future.

Expected purchase or sale of plant and significant equipment.

We do not anticipate the purchase or sale of any plant or significant equipment; as such items are not required by us at this time.

Significant changes in the number of employees.

As of March 31, 2009, we had four full-time employees. Currently, there are no organized labor agreements or union agreements between us and our employees.

Assuming we are able to pursue additional revenue through acquisitions and/or strategic alliances with those companies we have executed Letters of Intent, we anticipate an increase of personnel and may need to hire additional employees. In the interim, we intend to use the services of independent consultants and contractors to perform various professional services when appropriate. We believe the use of third-party service providers may enhance our ability to control general and administrative expenses and operate efficiently.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

Recently Issued Accounting Standards

During May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, The Hierarchy of Generally Accepted Accounting Principles (“FAS 162”). FAS 162 identifies the sources of accounting principles and the framework for selecting principles to be used in the preparation and presentation of financial statements in accordance with generally accepted accounting principles. This statement will be effective 60 days after the Securities and Exchange Commission approves the Public Company Accounting Oversight Board’s amendments to AU Section 411, The Meaning of ‘Present Fairly in Conformity With Generally Accepted Accounting Principles’. The Company does not anticipate that the adoption of FAS 162 will have an effect on its consolidated financial statements.

During March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, Disclosures About Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133 (“FAS 161”). This new standard requires enhanced disclosures for derivative instruments, including those used in hedging activities. It is effective for fiscal years and interim periods beginning after November 15, 2008, and will be applicable to the Company in the first quarter of fiscal 2009. The Company is currently evaluating the impact, if any, the adoption of FAS 161 will have on its consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

This item in not applicable as we are currently considered a smaller reporting company.

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Principal Financial Officer, William Gray, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on the evaluation, Mr. Gray concluded that our disclosure controls and procedures are not effective in timely alerting him to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our principal financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

- The Company does not have an independent board of directors or audit committee or adequate segregation of duties;
- All of our financial reporting is carried out by our financial consultant;
- We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We plan to rectify these weaknesses by implementing an independent board of directors and hiring of additional accounting personnel once we have additional resources to do so.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not presently a party to any material litigation, nor to the knowledge of management is any litigation threatened against us, which may materially affect us.

Item 1A. Risk Factors.

Risks Relating with Our Business and Marketplace

We have incurred losses since inception and expect to incur losses for the foreseeable future. In addition, our poor financial condition raises substantial doubt about our ability to continue as a going concern.

Our net operating losses for the three months ended March 31, 2009 was $158,435 and $420,556 for the year ended December 31, 2008. As of March 31, 2009, we only had $16,647 in cash available to finance our operations and a working capital deficit of $215,617. Capital requirements have been and will continue to be significant, and our cash requirements have exceeded cash flow from operations since inception. We are in need of additional capital to continue our operations and have been dependent on the proceeds of private placements of securities and recent loans to from an officer to satisfy working capital requirements. We will continue to be dependent upon the proceeds of future offerings or public offerings to fund development of products, short-term working capital requirements, marketing activities and to continue implementing the current business strategy. There can be no assurance that we will be able to raise the necessary capital to continue operations.

Our ability to continue as a going concern is dependent on our ability to raise funds to finance ongoing operations; however we may not be able to raise sufficient funds to do so. Our independent auditors have indicated that there is substantial doubt about our ability to continue as a going concern over the next twelve months. Because of these factors, an investor cannot determine if and when we will become profitable and therefore runs the risk of losing their investment.

If we are unable to obtain additional funding, our business operations will be harmed and if we do obtain additional financing our then existing stockholders may suffer substantial dilution.

We will require additional funds to expand our operations and believe the current cash on hand and the other sources of liquidity will not be sufficient enough to fund our operations through fiscal 2009. We anticipate that we will require approximately $1,000,000 to $2,000,000 to fund our continued operations for fiscal 2009 as well as be able to close on the intended acquisitions, depending on revenue from operations.

Additional capital will be required to effectively support the operations and to otherwise implement our overall business strategy. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. The inability to obtain additional capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we will likely be required to curtail our marketing and development plans and possibly cease our operations. Any additional equity financing may involve substantial dilution to our then existing stockholders.

We may acquire assets or other businesses in the future.

We may consider acquisitions of assets or other business. Any acquisition involves a number of risks that could fail to meet our expectations and adversely affect our profitability. For example:

- The acquired assets or business may not achieve expected results;
- We may incur substantial, unanticipated costs, delays or other operational or financial problems when integrating the acquired assets;
- We may not be able to retain key personnel of an acquired business;
- Our management's attention may be diverted; or
- Our management may not be able to manage the acquired assets or combined entity effectively or to make acquisitions and grow our business internally at the same time.

If these problems arise we may not realize the expected benefits of an acquisition.

Without realization of additional capital, it would be unlikely for us to continue as a going concern.

As a result of our deficiency in working capital at March 31, 2009 and other factors, our auditors have included an explanatory paragraph in their audit report regarding substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments as a result of this uncertainty. The going concern qualification may adversely impact our ability to raise the capital necessary for the continuation of operations.

Our limited resources may prevent us from retaining key employees or inhibit our ability to hire and train a sufficient number of qualified management, professional, technical and regulatory personnel.

Our success may also depend on our ability to attract and retain other qualified management and personnel familiar in telecommunications industry. Currently, we have a limited number of personnel that are required to perform various roles and duties as a result of our limited financial resources. We intend to use the services of independent consultants and contractors to perform various professional services, when appropriate to help conserve our capital. However, if and when we determine to acquire additional personnel, we will compete for such persons with other companies and other organizations, some of which have substantially greater capital resources than we do. We cannot give you any assurance that we will be successful in recruiting or retaining personnel of the requisite caliber or in adequate numbers to enable us to conduct our business.

Competition from companies with already established marketing links and brand recognition to our potential customers may adversely affect our ability to introduce and market our products.

The telecommunications industry is highly competitive. Many of our current and potential competitors have financial, personnel and other resources, including brand name recognition, substantially greater than ours, as well as other competitive advantages over us. Certain competitors may be able to secure product from vendors on more favorable terms, devote greater resources to marketing and promotional campaigns, and adopt more aggressive pricing than we will. There can be no assurance we will be able to compete successfully against these competitors, which ultimately may have a materially adverse effect on our business, results of operations, financial condition and potential products in the future.

We may not be able to provide our products and services if we do not connect or continue to connect with the traditional carriers, our primary competitors.

As a competitive carrier, we must coordinate with traditional carriers so that we can provide local service to customers on a timely and competitive basis. The Telecommunications Act created incentives for regional Bell operating companies to cooperate with competitive carriers and permit access to their facilities by denying such companies the ability to provide in-region long distance services until they have satisfied statutory conditions designed to open their local markets to competition. The regional Bell operating companies in our markets are not yet permitted by the FCC to offer long distance services. These companies may not be accommodating once they are permitted to offer long distance service. Currently AT&T is permitted to offer both local and long distance service in some our mutual service areas, but we have not yet noticed any impact on our markets.

Many competitive carriers, including us, have experienced difficulties in working with traditional carriers with respect to initiating, connecting, and implementing the systems used by these competitive carriers to order and receive network elements and wholesale services and locating equipment in the offices of the traditional carriers.

If we cannot obtain the cooperation of a regional Bell operating company in a region, whether or not we have been authorized to offer long distance service, our ability to offer local services in such region on a timely and cost-effective basis will be harmed.

Risks Relating to our Common Stock

If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. More specifically, FINRA has enacted Rule 6530, which determines eligibility of issuers quoted on the OTC Bulletin Board by requiring an issuer to be current in its filings with the Commission. Pursuant to Rule 6530(e), if we file our reports late with the Commission three times in a two-year period or our securities are removed from the OTC Bulletin Board for failure to timely file twice in a two-year period then we will be ineligible for quotation on the OTC Bulletin Board for one year. We have had one late filing and have once been removed from the OTC Bulletin Board in the last two years. Therefore, we must not have two more late filings or have our securities removed from the OTC Bulletin Board, within the two year period, otherwise we will be in jeopardy of being dequoted from the OTC Bulletin Board for a one year period. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, 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 and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Competitive Companies; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Competitive Companies are being made only in accordance with authorizations of management and directors of Competitive Companies, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Competitive Companies' assets that could have a material effect on the financial statements.

We have a limited number of personnel that are required to perform various roles and duties. Furthermore, we have one individual, our CEO, who is responsible for monitoring and ensuring compliance with our internal control procedures. As a result, our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

Because our common stock is deemed a low-priced "Penny" Stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment of our common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

Deliver to the customer, and obtain a written receipt for, a disclosure document;

- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On April 10, 2009, we issued a total of 893,480 shares of common stock to six (6) individual investors that had previously purchased shares of our common stock for a total purchase price of $49,674. We believe the issuance of the shares is or will be exempt from the registration and prospectus delivery requirement of the Securities Act of 1933 by virtue of Section 4(2) and/or Regulation D, Rule 506. The shares were or will be issued directly by us and did not involve a public offering or general solicitation. The recipients of the shares were afforded an opportunity for effective access to our files and records of that contained the relevant information needed to make their investment decision, including our financial statements and 34 Act reports. We reasonably believed that the recipients had such knowledge and experience in the Company's financial and business matters that they were capable of evaluating the merits and risks of his investment.

Issuer Purchases of Equity Securities

We did not repurchase any of our securities during the quarter ended March 31, 2009.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

On January 30, 2009, our stockholders voted to increase the authorized common shares of the Company from 70,000,000 authorized shares of common stock to 500,000,000 authorized shares of common stock. Additionally, the stockholders voted to increase the authorized preferred shares of the Company from 10,000,000 authorized shares of preferred stock to 100,000,000 authorized shares of preferred stock. As a result of this vote, we filed an amendment to its Articles of Incorporation to reflect this change.

Item 5. Other Information.

Share Exchange Agreement

On April 1, 2009, the Company acquired three entities under common control of our CEO, William H. Gray. Innovation Capital Management, Inc., a Delaware corporation (“ICM”), Innovation Capital Management, LLC, a Texas Limited Liability Company (“ICM LLC”), and DiscoverNet, Inc, a Wisconsin corporation (“DiscoverNet”), collectively referred to as the “Selling Entities”, sold 100% of their interests, collectively 2,907,560 shares, in exchange for an aggregate of 29,075,600 shares of Competitive Companies, Inc.’s common stock, valued at an estimated $1,165,000. No shares have yet been exchanged as of the date of this filing. On May 5, 2009 the Company filed a voluntary petition for bankruptcy on behalf of DiscoverNet, Inc.

Sale of the Series D Preferred Stock and Restricted Share Issuance – Summary of Terms

On May 7, 2009, the Company agreed to purchase forty (40) telecommunication towers from Worldwide Communications, Inc. (Holder) in exchange for one million (1,000,000) shares of the Company’s yet to be established, Convertible Series D Preferred Stock and ten million (10,000,000) restricted shares of the Company’s common stock. Each Series D Preferred share is convertible into ten (10) shares of restricted common stock under the following schedule (based on the daily trading closing price):

1. 25% at September 30, 2009 or if the stock trades at or above $0.10/share for ten consecutive days;
2. 25% at December 31, 2009 or if the stock trades at or above $0.15/share for ten consecutive days

The conversion is subject to proportional adjustment for stock splits. No shares have yet been exchanged as of the date of this filing.

Item 6. Exhibits.

			Incorporated by reference			
Exhibit	Exhibit Description	Filed herewith	Form	Period ending	Exhibit	Filing date
2.1	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2		2	01/11/02
2.2	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	08/02/02
2.3	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	04/24/03
2.4	Plan and agreement of reorganization between Competitive Companies, Inc. and CCI Acquisition Corp		8-K		10.1	05/09/05
3(i)	Articles of Competitive Companies, as amended		SB-2		3(I)	01/11/02
3(ii)	Bylaws of Competitive Companies		SB-2		3(II)	01/11/02
4	Rights and Preferences of Preferred Stock		SB-2		4	01/11/02
10.1	Share Exchange Agreement dated April 1, 2009	X				
31	Certification of Bill Gray pursuant to Section 302 of the Sarbanes-Oxley Act	X				
32	Certification of Bill Gray pursuant to Section 906 of the Sarbanes-Oxley Act	X	10-K	12/31/08		
99.1	Press Release Announcing the Company's access to government funding with the acquisition of carrier-grade		10-K	12/31/08	99.1	4/15/09

	microwave towers.				
99.2	Press Release Announcing the Appointment of Dr. Ray Powers to the Board of Directors	10-K	12/31/08	99.2	4/15/09
99.3	Press Release Announcing the engagement of Worldwide Capital Group, LLC	10-K	12/31/08	99.3	4/15/09

99.4	Press Release Announcing the sales contract with a wholesale distributor of T-mobile network operating procedures	10-K	12/31/08	99.4	4/15/09
99.5	Press Release Announcing its contract with MLM Marketing Company for the purchase of 5,000 T-mobile SIMS cards	10-K	12/31/08	99.5	4/15/09
99.6	Press Release Announcing a Letter of Intent to acquire International Telecom, Inc.	10-K	12/31/08	99.6	4/15/09
99.7	Press Release Announcing the resignation of Ms. Tonni Smith-Atkins	10-K	12/31/08	99.7	4/15/09
99.8	Press Release Announcing the vendor financing agreement for the acquisition and marketing of IPTV services	10-K	12/31/08	99.8	4/15/09

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPETITIVE COMPANIES, INC.
(Registrant)

By:/S/ William Gray
William Gray,
Chief Executive Officer (On behalf of
the registrant and as principal accounting
officer)

Date: May 20, 2009