

INNOFONE COM INC
Form SB-2/A
March 29, 2006

As filed with the Securities and Exchange Commission on March 29, 2006
(Registration No. 333-129278)

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**Amendment No. 2
to
SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

INNOFONE.COM, INCORPORATED
(Name of small business issuer in its charter)

Nevada	7389	98-2020313
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1431 Ocean Avenue, Suite 1100
Santa Monica, CA 90401
(310) 458-3233
(Address and telephone number of principal executive offices)

Mr. Alex Lightman
Chief Executive Officer and President
1431 Ocean Avenue, Suite 1100
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(Name, address and telephone number of agent for service)

Copy of all communications to:

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Approximate Date of Commencement of Proposed Sale to the Public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price Per Share (1)(2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, \$0.001 par value, issuable upon conversion of callable secured convertible notes	10,895,884(3)	\$1.10	\$11,985,472.40	\$1,410.69
Common Stock, \$0.001 par value issuable upon exercise of warrants	1,000,000(4)	\$1.10	\$1,100,000.00	\$129.47
		Total Fee		\$1,540.16*

* Previously paid

(1) The shares of our Common Stock being registered hereunder are being registered for resale by the selling stockholders named in the prospectus. In accordance with Rule 416(a), the registrant is also registering hereunder an indeterminate number of shares that may be issued and resold to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, based on the closing price of \$0.60 on the OTC Bulletin Board on March 24, 2006.

(3) Represents shares of our Common Stock issuable upon conversion of outstanding callable secured convertible notes in the aggregate principal amount of \$4,500,000. The number of shares of our Common Stock registered hereunder represents a good faith estimate by us of the number of shares of our Common Stock issuable upon the conversion of the callable secured convertible notes. For purposes of estimating the number of shares of our Common Stock to be included in this registration statement, we calculated a good faith estimate of the number of shares that we believe will be issuable upon conversion of the callable secured convertible notes to account for market fluctuations, anti-dilution and price protection adjustments. Should the conversion ratio result in our having insufficient shares, we will not rely upon Rule 416, but will file a new registration statement to cover the resale of such additional shares should that become necessary.

(4) Represents shares of our Common Stock issuable upon the exercise of outstanding five-year warrants. The exercise price of the warrants is \$5.00. In accordance with Rule 416(a), the registrant is also registering hereunder an indeterminate number of shares that may be issued and resold to prevent dilution resulting from stock splits, stock dividends or similar transactions. In addition, should a decrease in the exercise price as a result of an issuance or sale of shares below the then current market price result in our having insufficient shares, we will not rely upon Rule 416, but will file a new registration statement to cover the resale of such additional shares should that become necessary.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, March 29, 2006

PROSPECTUS

11,895,884 SHARES

INNOFONE.COM, INCORPORATED
COMMON STOCK

This prospectus relates to the resale of up to 11,895,884 shares of our Common Stock, par value \$0.001 per share ("Common Stock") of which: (i) 10,895,884 shares are issuable upon conversion of outstanding callable secured convertible notes in the aggregate principal amount of \$4,500,000 (the "Notes"); and (ii) 1,000,000 shares of Common Stock issuable upon exercise of stock purchase warrants (the "Warrants"). The Notes and the Warrants were issued to AJW Partners, LLC ("Partners"), AJW Offshore, Ltd. ("Offshore"), AJW Qualified Partners LLC ("Qualified") and New Millenium Capital Partners, II, LLC ("Millenium") (Partners, Offshore, Qualified and Millenium are referred to collectively as "Selling Securityholders"). The Selling Securityholders may sell their common stock from time to time at prevailing market prices.

Our Common Stock is registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, and is quoted on the over-the-counter market and prices are reported on the OTC Bulletin Board under the symbol "INFN." On March 24, 2006, the closing price as reported was \$0.60 per share. Since our Common Stock trades below \$5.00 per share, it is considered a "penny stock" and is subject to SEC rules and regulations that impose limitations on the manner in which it can be publicly traded.

The selling stockholders, and any participating broker-dealers may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended, and any commissions or discounts given to any such broker-dealer may be regarded as underwriting commissions or discounts under the Securities Act of 1933. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute their common stock. We agreed to pay the expenses of registering the foregoing shares of our Common Stock.

INVESTMENT IN THE COMMON STOCK OFFERED BY THIS PROSPECTUS INVOLVES A HIGH DEGREE OF RISK. YOU MAY LOSE YOUR ENTIRE INVESTMENT. CONSIDER CAREFULLY THE "RISK FACTORS" BEGINNING ON PAGE 7 OF THIS PROSPECTUS BEFORE INVESTING.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is March __, 2006

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not, and the selling stockholders have not, authorized anyone, including any salesperson or broker, to give oral or written information about this offering, Innofone.com, Incorporated, or the shares of common stock offered hereby that is different from the information included in this prospectus. If anyone provides you with different information, you should not rely on it. We are not, and the selling stockholders are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus is not an offer to sell any securities other than the shares of common stock offered hereby. This prospectus is not an offer to sell securities in any circumstances in which such an offer is unlawful.

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PROSPECTUS SUMMARY

Although it contains all material information, this summary is not complete and may not contain all of the information that you should consider before investing in our Common Stock. You should read the entire prospectus carefully, including the more detailed information regarding our company, the risks of purchasing our common stock discussed under "risk factors," and our financial statements and the accompanying notes. In this prospectus, "we", "us," "Company" and "our", refer to Innofone.com, Incorporated, unless the context otherwise requires. Unless otherwise indicated, the term "year," "fiscal year" or "fiscal" refers to our fiscal year ending June 30th. Unless we tell you otherwise, the term "common stock" as used in this prospectus refers to our Common Stock.

History

On August 8, 2005, Innofone.com, Incorporated ("Innofone," the "Company," "we," "us" and "our") entered into a stock purchase agreement with Mr. Alex Lightman, our President and Chief Executive Officer, to purchase 100% of the issued and outstanding shares of IPv6 Summit Inc. ("IPv6 Summit"), an entity engaged in developing new technology referred to as Internet Protocol version 6. At the time of the Agreement, Mr. Lightman was the President, Treasurer, Director and sole shareholder of IPv6 Summit and was not an officer or director of Innofone. Pursuant to the agreement, on October 12, 2005 we issued to Mr. Lightman a promissory note in the principal amount of \$1,000,000 with interest at the rate of four percent (4%) per annum. On October 17, 2005, we amended and restated Mr. Lightman's promissory note to provide for a repayment schedule which will coincide with our receipt of funds under our current financing arrangement with four investors. Further, we issued to Mr. Lightman approximately 33,333,000 shares of our restricted common stock. As a result of the stock purchase agreement, IPv6 Summit became our wholly owned subsidiary of the Company. Prior to this acquisition, we operated as a holding company for companies involved in technology and financial services.

Overview

The Internet as we know it today is based on Internet Protocol version 4, more commonly referred to as IPv4, a 32-year-old protocol. The IPv4 Internet is beginning to receive a major upgrade, with a new format for packets of data called Internet Protocol version 6, or IPv6. We believe that IPv6, sometimes called the New Internet, presents many new business opportunities, in roughly the same manner that the existing Internet did when it first hit the mainstream in the mid-1990s.

We offer three related services that are relevant to IPv6: consulting, training and conference management; we are in the process of developing a fourth service, testing. We believe that we have deep expertise in these areas and hope to further expand these services. We are also in the early stages of a developing IPv6-related technology and have hired a Director of Product Development. We envision our IPv6 technology will be utilized in connection with our consulting, training and conference management services. We currently derive 80% of our revenue from our conference management services and 20% of our revenues from our consulting services. We anticipate generating additional revenues from our consulting and training services in 2006. However, we have incurred losses since inception and our common stock is subject to certain rules and regulations pertaining to "penny stocks".

We began our conference services from our date of incorporation, July 2003 after our Chief Executive Officer and a former employee successfully organized the first IPv6 Summit in the United States that attracted over 300 people. Revenue comes from charging individuals and corporations an admission fee of approximately \$200 to \$500 per person for each event and from charging corporations from \$4,000 to \$18,000 each for sponsorship that include an exhibit booth. There are slight variations to these charges depending on how many benefits are included.

We began offering our training services with the US IPv6 Summit in December 2003 with a tutorial that preceded the three-day IPv6 Summit by adding a day of activity for people who needed initial training, and who wanted to know

more about security than could be described in the Summit format. We added a separate training event, the Federal Chief Information Officer workshop, in October 2005. Revenues from training services come from admission fees to the events and are in the hundreds of dollars per person.

We began offering our consulting services in August 2005 with the sales of consulting agreements by our Chief Executive Officer domestically to the US Department of Defense IPv6 Transition Office, as a subcontractor to SI International, and Juniper Networks and internationally to North Atlantic Treaty Organization. Revenues from consulting are based on man-days and/or negotiated fees typically in the tens of thousands of dollars per engagement, with engagements in discussion in the hundreds of thousands of dollars.

We are in the early phases of developing our testing services. No revenues have been received, though we have received interest from a large public company to provide free test equipment. Testing revenues will not be generated until our test center is built and the first customers contracted. Revenues will come from, a fixed price schedule with payments in the thousands to tens of thousands of dollars per product or service tested in our lab.

Transition to IPv6

Simply put, one of the limitations of today's Internet is a shortage of addresses, so that the hardware or software equivalents of "middle men" are put into the system to let many people use one address, not unlike the old telephone party lines, where many people had the same "number," and everyone could listen in. The party line system had the advantage that a lot of people could be connected with few switched lines, but led to problems, such as lack of security. There was no way to assure that one person would be speaking with only one person at the other end. When every phone user got his/her own address, it led to many great new capabilities - such as privacy, the ability to deliver new services such as telefax messages to a particular person, and the ability to go mobile with cell phones, and caller ID, which enabled people to screen their calls, accepting only those they wanted to at that moment.

Similarly, the IPv6 will give everyone his or her personal address (or thousands of them, as needed), which enables the potential for "end-to-end" connectivity. Each individual can know for certain who the specific receiver at the other end is, and this allows the system to check for service quality, and allows much easier mobile use and roaming. Furthermore, this connectivity facilitates multiple layers of individual security measures rather than today's firewalls or network address translation, which offer little protection once a hacker has broken through the protective wall. The difference between the New Internet and the existing one is thought by some to be as dramatic as the difference between the phones with individual numbers that we have today and the phones with party lines of yesteryear.

The first major customers for the New Internet in the US were the Department of Defense, which in June 2003 mandated a transition within the Department that would make it “IPv6-capable” by 2008, and the Office of Management and Budget, on behalf of the Federal Government, which recently also mandated transition to IPv6, and the hundreds of large companies that supply these two entities. Many, but not all, major technology companies have appointed IPv6 points of contact and developed IPv6-related marketing messages, including Microsoft, Cisco, Juniper, Nokia, Hewlett-Packard and about fifty others in the US.

In 2005, as in 1995, we believe that the IPv6 space was occupied by first movers that both take advantage of the opportunities offered by the new technology and have a sound business plan to offer needed products and services to the United States and global markets. It is forecast that IPv6 will see some of the same rapid rise as the existing Internet did between 1995 and 2000, quickly growing from millions to billions, and potentially trillions of dollars in global revenues impacted by the Internet. The Japanese government, for instance, which has done a great deal of research into the upcoming IPv6 market, estimates the market size of IPv6-ready goods/services in the year 2010 to be 170 trillion yen, or about \$1.55 trillion in US currency.

We will offer and manage our consulting, training and conference management services from two corporate offices: our corporate headquarters in Santa Monica, California, and our Eastern Office in Northern Virginia.

Recent Developments

We entered into a Securities Purchase Agreement (the “Agreement”) with four accredited investors on August 31, 2005 for the sale of (i) \$4,500,000 in callable secured convertible notes (the “Notes”) and (ii) warrants to buy 1,000,000 shares of our Common Stock (“Warrants”). Pursuant to the Agreement, the investors are obligated to provide us with an aggregate of \$4,500,000 as follows: (a) \$1,500,000 was disbursed on September 1, 2005; (b) \$1,500,000 will be disbursed upon the filing of a registration statement covering shares of our common stock underlying the Notes and Warrants; and (c) \$1,500,000 will be disbursed upon the effectiveness of the registration statement. This registration statement covers the shares of our common stock that we may be required to issue in the event that the selling security holders convert their notes or exercise their warrants.

On October 18, 2005, we completed the relocation of our corporate headquarters to 1431 Ocean Avenue, Suite 1100, Santa Monica, California 90401 from 3470 Olney-Laytonsville, Road, Suite 118, Olney, Maryland 20832.

On March 20, 2006, we entered into a transaction with Digital Presence, Inc., a recently formed Delaware corporation, whereby we agreed to purchase up to 66.67% of the total issued and outstanding common stock shares of Digital Presence, Inc. in return for cash investment of a total of \$300,000 made in three (3) installment payments commencing on execution and ending on or about June 15, 2006. Digital Presence, Inc. is an entity which was formed for the purpose of creating a scalable and addressable IPv6 identity registry for application in various industries and government. Digital Presence, Inc. will be managed by employees other than those of the Company but the Company has the ability to elect one (1) member of the Board of Directors of Digital Presence, Inc. and maintains other rights, preferences and privileges through the subject investment.

Our headquarters are located at 1431 Ocean Ave., Suite 1100, Santa Monica, CA 90401 and our telephone number at that address is (310) 458-3233. We maintain five web sites at www.usipv6.com, www.coalitionsummit.com, www.innofone.net, www.v6tranistion.com and www.v6training.com. Information on our web sites is not a part of this prospectus.

THE OFFERING

SHARES OUTSTANDING PRIOR TO OFFERING

*Common Stock, \$0.001
par value* 61,780,084

*Common Stock Offered
by Selling Securityholders* 11,895,884

Use of Proceeds We will not receive any proceeds from the sale by the selling Stockholders of shares in this offering, except upon any exercise of the Warrants issued to the Selling Stockholders. See "Use of Proceeds."

Risk Factors An investment in our common stock involves a high degree of risk and could result in a loss of your entire investment.

OTC Symbol INFN

Executive Offices Our executive offices are located at 1431 Ocean Avenue, Suite 1100, Santa Monica, California 90401. Our telephone number is (310) 458-3233 and our five websites are: www.usipv6.com, www.coalitionsummit.com, www.innofone.net, www.v6tranistion.com and www.v6training.com. The information on our websites is not part of this prospectus.

TERMS OF CALLABLE SECURED CONVERTIBLE NOTES

We entered into a Securities Purchase Agreement with four accredited investors on August 31, 2005 for the sale of (i) \$4,500,000 in callable secured convertible notes and (ii) warrants to buy 1,000,000 shares of our Common Stock. This prospectus relates to the resale of our Common Stock underlying these callable secured convertible notes and warrants. The investors are obligated to provide us with an aggregate of \$4,500,000 in three tranches as follows (the “Tranches”): (a) \$1,500,000 was disbursed on September 1, 2005; (b) \$1,500,000 will be disbursed upon the filing of this registration statement; and (c) \$1,500,000 will be disbursed upon this prospectus being declared effective.

The funds from the sale of the callable secured convertible notes will be primarily used for working capital needs. The callable secured convertible notes bear interest at 8% (unless our common stock is greater than \$2.50 per share for each trading day of a month, in which event no interest is payable during such month), mature within three years from the date of issuance, and are convertible into our Common Stock, at the investors' option, at a per share price equal to the lesser of \$3.50 or 30% discount to the average of the three lowest trading prices of the Common Stock during the 20 day trading day period prior to conversion. In the event of any trading market limitations, the callable secured convertible notes become immediately due and payable and we will pay an amount equal to 130% times the sum of (a) the then outstanding principal amount of the Note immediately following the maximum conversion date (the date that we issue 19.99% of our issued and outstanding shares), plus (b) accrued and unpaid interest on the unpaid principal amount of the Note to within fifteen (15) days of the maximum conversion date, plus (c) default interest, if any, on the amounts referred to in clause (a) and/or (b) above, plus (d) any optional amounts that may be added thereto at the maximum conversion date by the holder (the then outstanding principal amount of this Note immediately following the maximum conversion date), plus the amounts referred to in clauses (b), (c) and (d) above shall collectively be referred to as the “**Remaining Convertible Amount**”). In the event that the sum of (x) the aggregate number of shares of Common Stock issued upon conversion of the Notes issued pursuant to the Purchase Agreement plus (y) the aggregate number of shares of Common Stock that remain issuable upon conversion of the Notes and the other Notes issued pursuant to the Purchase Agreement, represents at least one hundred percent (100%) of the maximum share amount (the “**Triggering Event**”), we will use its best efforts to seek and obtain Shareholder Approval (or obtain such other relief as will allow conversions hereunder in excess of the Maximum Share Amount) as soon as practicable following the Triggering Event and before the maximum conversion date. As used herein, “**Shareholder Approval**” means approval by our shareholders of the Company to authorize the issuance of the full number of shares of Common Stock which would be issuable upon full conversion of the then outstanding Notes but for the Maximum Share Amount. In connection with the issuance of the Notes, we agreed to register two times the number of shares of common stock issuable upon conversion of the Notes.

We shall have the right, exercisable on not less than ten (10) Trading Days prior written notice to the investor's (which notice may not be sent to the investors until we are permitted to prepay the Notes pursuant to the Agreement, to prepay all or a portion of the outstanding Notes. In the event the Common Stock is trading above \$3.50 per share, we shall have the right, exercisable on not less than ten (10) Trading Days prior written notice to the Investors prepay all or a portion of the outstanding Notes provided that we make an additional payment to the Investors equal to the difference between the trading price on the day immediately prior to the date of the notice and \$3.50 per share for that number of shares under the Note (or such portion of the Note being prepaid) would have converted (the “**Additional Payment**”). Any notice of prepayment hereunder (an “**Optional Prepayment**”) shall be delivered to the Investors of the Notes at their registered addresses appearing on our books and records and shall state (1) that we are exercising our right to prepay all or a portion of the Notes issued on the Issue Date, (2) the date of prepayment and (3) the amount of the prepayment and the amount of any Additional Payment as applicable (the “**Optional Prepayment Notice**”). On the date fixed for prepayment (the “**Optional Prepayment Date**”), we shall make payment of the Optional Prepayment Amount (as defined below) to or upon the order of the Investors as specified by the Investors in writing to us at least one (1) business day prior to the Optional Prepayment Date. If we exercise our right to prepay the Notes, we shall make payment to the Investors of an amount in cash (the “**Optional Prepayment Amount**”) equal to either (i) 115% (for prepayments occurring within thirty (30) days of the Issue Date), (ii) 125% for prepayments occurring between

thirty-one (31) and sixty (60) days of the Issue Date, or (iii) 130% (for prepayments occurring after the sixtieth (60th) day following the Issue Date), multiplied by the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the Optional Prepayment Date plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and (x) plus (z) any amounts owed to the Investor under the Agreement or the Registration Rights Agreement (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the “**Optional Prepayment Sum**”). Notwithstanding notice of an Optional Prepayment, the Investors shall at all times prior to the Optional Prepayment Date maintain the right to convert all or any portion of the Notes in accordance with Article I and any portion of Notes so converted after receipt of an Optional Prepayment Notice and prior to the Optional Prepayment Date set forth in such notice and payment of the aggregate Optional Prepayment Amount shall be deducted from the principal amount of Notes which are otherwise subject to prepayment pursuant to such notice. If we deliver an Optional Prepayment Notice and fails to pay the Optional Prepayment Amount due to the Investors of the Notes within two (2) business days following the Optional Prepayment Date, we shall forever forfeit our right to redeem the Notes.

So long as the Notes are outstanding we may not, without the investor's prior written consent: (a) pay any dividends, whether in cash or stock, (b) engage in any stock repurchases; (c) borrow any additional money (subject to several exceptions); (d) sell, lease or dispose of any significant portion of our assets outside the ordinary course of business; or (e) make any loans in excess of \$10,000.

The warrants are exercisable until five years from the date of issuance. The conversion price of the callable secured convertible notes and the exercise price of the warrants will be adjusted in the event that we issue common stock at a price below the fixed conversion price, below market price, with the exception of any securities issued in connection with the Securities Purchase Agreement. The conversion price of the callable secured convertible notes and the exercise price of the warrants may be adjusted in certain circumstances, such as, if we pay a stock dividend, subdivide or combine outstanding shares of common stock into a greater or lesser number of shares, or take such other actions as would otherwise result in dilution of the selling stockholder's position. The selling stockholders have contractually agreed to restrict their ability to convert or exercise their warrants and receive shares of our common stock such that the number of shares of common stock held by them and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of common stock. In addition, we have granted the investors a security interest in substantially all of our assets and intellectual property.

The warrants have an exercise price of \$5.00 per share. The selling stockholders will be entitled to exercise the warrants on a cashless basis if the shares of common stock underlying the warrants are not then registered pursuant to an effective registration statement. In the event that the selling stockholder exercises the warrants on a cashless basis, then we will not receive any proceeds. In addition, the exercise price of the warrants will be adjusted in the event we issue common stock at a price below market, with the exception of any securities issued as of the date of the warrants or issued in connection with the callable secured convertible notes issued pursuant to the Securities Purchase Agreement, dated August 8, 2005.

Upon the issuance of shares of common stock below the market price, the exercise price of the warrants will be reduced accordingly. The market price means: (i) the average of the last reported sale prices for our shares of our Common Stock for the five trading days immediately preceding such issuance as set forth on our principal trading market; (ii) if the OTCBB is not the principal trading market, the average of the last reported sale prices on the principal trading market for the Common Stock during the same period or (iii) if the market value cannot be calculated then the fair market value as reasonably determined in good faith by our board of directors, or at the option of a majority-in-interest of the holders of the outstanding warrants, by an independent investment bank. The exercise price shall be determined by multiplying the exercise price in effect immediately prior to the dilutive issuance by a fraction. The numerator of the fraction is equal to the sum of the number of shares outstanding immediately prior to the offering plus the quotient of the amount of consideration received by us in connection with the issuance divided by the market price in effect immediately prior to the issuance. The denominator of such issuance shall be equal to the number of shares outstanding after the dilutive issuance.

In connection with the Securities Purchase Agreement, we agreed to give the investors certain registration rights pursuant to a Registration Rights Agreement. Pursuant to this agreement, we were obligated to file with the Securities and Exchange Commission with sixty days of closing of the transaction, a registration statement covering the shares of common stock issuable upon conversion of the notes and the shares of common stock issuable upon exercise of the warrants. We have agreed to use our best efforts to cause the registration statement to be declared effective with one hundred and eighty days after filing. In the event that we are unable to have the Registration Statement declared effective within this time frame, we may be required to pay to the investors an amount equal to the then outstanding principal amount of the notes multiplied by two hundredths (.02) times the sum of: (a) the number of months (pro rated for partial months) after the filing date or the end of the one hundred and eighty day period and prior to the date the Registration Statement is declared effective, (b) the number of months (pro rated for partial months) that sales of all of the shares registered cannot be made after the Registration Statement is declared effective and (c) the number of months (pro rated for partial months) that the Common Stock is not listed or included for quotation on the OTCBB, Nasdaq, Nasdaq Small Cap, NYSE, or Amex or that trading has been halted after the Registration Statement has been declared effective. If thereafter, sales could not be made pursuant to the Registration Statement for an additional period of one (1) month, we shall pay an additional \$5,000 for each \$250,000 of outstanding principal under the Notes. Further, any amounts owing to the investors shall be paid in cash or, at our option, in shares of Common Stock priced at the lesser of \$3.50 per share or 30% discount to the Market Price.

A complete copy of the Securities Purchase Agreement and related documents are filed with the SEC as exhibits to our Current Report on Form 8-K relating to this prospectus or incorporated by reference therein.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information for our company as provided in the year end financial statements of IPv6 Summit and the six months ended December 31, 2005 on a condensed consolidated basis to include Innofone.com. You should read this information together with the financial statements and the notes thereto appearing elsewhere in this prospectus and the information under “Management's Discussion and Analysis of Financial Condition and Results of Operations.”