ULTRADATA SYSTEMS INC
Form 10QSB
November 07, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(MARK ONE)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 - FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM __________ TO _____________

COMMISSION FILE NUMBER 0-25380

ULTRADATA SYSTEMS, INCORPORATED
(Exact name of small business issuer as specified in its charter)

Delaware	43-1401158
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1240 Dielman Industrial Court, St. Louis, MO	63132
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: (314) 997-2250

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act during the past 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 [ ]

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date.

Class	Outstanding as of November 1, 2002
Common, $.01 par value	3,432,591

Transitional Small Business Disclosure Format Yes [ ] No [X]

File Number
0-25380

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ULTRADATA SYSTEMS, INCORPORATED

Balance Sheets
As of September 30, 2002 and December 31, 2001

Assets	September 30, 2002 (Unaudited)	December 31, 2001
Current assets:		
Cash and cash equivalents	$ 150,240	$ 164,682
Trade accounts receivable, net of allowance for doubtful accounts of $132,267 and $365,287, respectively	94,176	376,429
Inventories	766,336	1,346,492
Prepaid expenses and other current assets	12,013	11,649
Total current assets	1,022,765	1,899,252
Property and equipment, net	283,234	413,270
Total property and equipment	283,234	413,270
Notes receivable - long term	225,394	225,394
Other assets	5,444	5,444
Total assets	$ 1,536,837	$2,543,360

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	$ 61,953	$ 96,133
Accrued expenses and other liabilities	146,214	272,146
Notes payable - current	124,185	110,991
Total current liabilities	332,352	479,270
Long term liabilities:		
Notes payable - long term	514,723	616,007
Total liabilities	847,075	1,095,277
Stockholders' equity:		
Preferred Stock, $0.01 par value, 4,996,680 shares authorized, none outstanding	-	-
Series A convertible preferred stock, 3,320 shares authorized, 16 shares outstanding with a stated value of $1,000	16,000	16,000
Common stock, $.01 par value; 10,000,000 shares authorized; 3,758,762 shares issued September 30,2002; 3,698,350 shares issued December 31, 2001	37,588	36,983
Additional paid-in capital	9,578,736	9,573,281
Accumulated deficit	(7,872,770)	(7,049,202)
Treasury stock (326,171 shares at cost)	(942,311)	(942,311)
Notes receivable issued for purchase of common stock	(127,481)	(186,668)
Total stockholders' equity	689,762	1,448,083
Total liabilities and stockholders' equity	$ 1,536,837	$ 2,543,360

See accompanying summary of accounting policies and notes to financial statements.

ULTRADATA SYSTEMS, INCORPORATED

Statements of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Net sales:	$ 354,123	$ 139,503	$ 1,428,526	$ 835,957

Cost of sales:	333,326	570,422	1,116,611	985,072
Gross profit	20,797	(430,919)	311,915	(149,115)
Selling expense	32,840	96,804	93,076	302,786
General and administrative expenses	208,183	538,056	817,976	1,678,876
Research and development expense	55,365	81,347	168,734	306,707
Total operating expenses	296,388	716,207	1,079,786	2,288,369
Operating loss	(275,591)	(1,147,126)	(767,871)	(2,437,484)
Other (expense) income:				
Interest and dividend income	810	215	8,031	59,157
Interest expense	(18,220)	(18,300)	(57,038)	(31,199)
Equity in losses of affiliates	-	12,359	-	17,927
Other, net	(6,834)	(16,657)	(6,690)	(38,760)
Total other (expense) income, net	(24,244)	(22,383)	(55,697)	7,125
Loss before income taxes	(299,835)	(1,169,509)	(823,568)	(2,430,359)
Income tax	-	-	-	-
Net loss	(299,835)	(1,169,509)	(823,568)	(2,430,359)
Less preferred stock dividends	-	(160,610)	-	(252,279)
Net loss available to common shareholders	$(299,835)	$(1,330,119)	$ (823,568)	$(2,682,638)
Loss per share-basic and diluted	$ (0.09)	$ (0.41)	$ (0.24)	$ (0.83)
Weighted Average Shares Outstanding:				
Basic and diluted	3,432,591	3,249,533	3,409,719	3,226,113

See accompanying summary of accounting policies and notes to financial statements.

ULTRADATA SYSTEMS, INCORPORATED
Statements of Cash Flows

Nine months ended September 30, 2002 and 2001

	2002	2001
	(unaudited)	
Cash flows from operating activities:		
Net loss	$ (823,568)	$(2,430,359)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	128,784	146,871
Inventory writedown	186,510	613,672
Equity in earnings of unconsolidated affiliates	-	(17,927)
Realized loss on investments	-	13,046
Loss on disposal of fixed asset	6,873	18,534
Non-cash compensation expense	-	2,544
Increase (decrease) in assets and liabilities:		
Trade accounts receivable	282,253	507,373
Inventories	393,646	(569,350)
Prepaid expenses and other current assets	(365)	10,625
Accounts payable	(34,179)	(8,634)
Accrued expenses and other liabilities	(125,931)	(146,403)
Deferred rent	-	(5,598)
Net cash provided by (used in) operating activities	14,023	(1,865,606)
Cash flows from investing activities:		
Investment in affiliated company	-	-
Deferred compensation trust investments	-	-
Capital expenditures	(5,622)	(12,017)
Restricted cash	-	765,000
Net cash (used in) provided by investing activities	(5,622)	752,983
Cash flows from financing activities:		
Proceeds from issuance of redeemable preferred stock and common stock warrants	-	-
Costs related to issuance of redeemable preferred stock and common stock warrants	-	-
Repayment of notes payable	(82,030)	(126,269)
Repurchase of preferred shares	-	(178,000)
Subscription payments	59,187	-
Net cash used in financing activities	(22,843)	(304,269)
Net decrease in cash and cash equivalents	(14,442)	(1,416,892)
Cash and cash equivalents at beginning of period	164,682	1,842,983
Cash and cash equivalents at end of period	$ 150,240	$ 426,091

Non-cash investing and financing		
Redemption of Rabbi Trust	$ -	$ 87,329
Conversion of preferred stock to common stock	$ -	$ 28,000
Conversion of preferred stock to notes payable	$ 6,060	$ 1,759,860

See accompanying summary of accounting policies and notes to financial statements.

ULTRADATA SYSTEMS, INCORPORATED

September 30, 2002

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim financial statements included herein have been prepared by Ultradata Systems, Incorporated (the "Company"), without audit in accordance with generally accepted accounting principles and pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information. 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 made are adequate to make the information presented not misleading.

In the opinion of management, the information furnished for the three-month and nine-month periods ended September 30, 2002 and 2001, includes all adjustments, consisting solely of normal recurring accruals necessary for a fair presentation of the financial results for the respective interim periods and is not necessarily indicative of the results of operations to be expected for the entire fiscal year ending December 31, 2002. It is suggested that the interim financial statements be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2001, as filed with the Securities and Exchange Commission on Form 10-KSB (Commission File Number 0-25380).

Use of Estimates

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on informed estimates and adjustments by management, with consideration given to materiality. Actual results could vary from those estimates.

Note 1. Nature of Operations

The principal business activity of Ultradata Systems, Incorporated (the Company), located in St. Louis, Missouri, is the design, manufacture, and sale of hand-held electronic information products.

Note 2. Inventories

Inventories consist of the following:

	September 30, 2002	December 31, 2001
Raw Materials	$ 459,646	$ 831,318
Work in Process	-	-
Finished Goods	306,690	515,174
Total Net	$ 766,336	$ 1,346,492
Obsolete inventory on hand	$ 582,482	$ 434,487

Note 3. Prepaid Expenses

Prepaid expenses consist of the following:

	September 30, 2002	December 31, 2001
Prepaid insurance	$ 10,740	$ 5,179
Other prepaid expenses	1,273	6,470
	$ 12,013	$ 11,649

Note 4. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following:

	September 30, 2002	December 31, 2001
Accrued sales commissions and royalties	$ 54,718	$ 141,811
Payroll and payroll-		

related liabilities	36,784	69,061
Accrued interest payable	6,005	-
Other	48,707	61,274
	$ 146,214	$ 272,146

Note 5. Accounts Receivable

The Company sold accounts receivable of $233,000 from a bankrupt customer for proceeds of $60,580. The receivable amount had been fully reserved during 2001, and the proceeds were recorded as an adjustment to the provision for bad debt expense.

Note 6. Subsequent Event

On October 29, 2002, judgment was entered by the Circuit Court of St. Louis County, State of Missouri in the action titled "Ultradata Systems, Inc. vs. E-tegral Partners" (referred to previously as "SmartTime"). The Court awarded damages to the Company for principal, accrued interest, and legal fees in the sum of $861,770.65, and dismissed the counterclaim filed against Ultradata. Any amounts collected will be recorded in the period in which they are received, as the Company has not been able to determine to what extent it will be able to collect the judgment.

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

YOU SHOULD NOT RELY ON FORWARD LOOKING STATEMENTS

This quarterly report contains a number of forward-looking statements regarding our future prospects. Among the forward-looking statements are descriptions of our plans to restructure the marketing program for the Road Whiz(tm) line of products, to introduce Triplink(tm) and GPS products to the market, and to develop products based on a GPS/Internet technology. These forward-looking statements are a true statement of our present intentions, but are neither predictions of the future nor assurances that any of our intentions will be fulfilled. Many factors beyond our control could act to thwart Ultradata in its efforts to develop and market its products. Among these factors are:

* The fact that our limited financial resources may be insufficient to permit us to develop products and introduce them to the market;

* The difficulty of attracting mass-market retailers to a seasonal product like the Road Whiz(tm);

* The breadth and depth of competition in the GPS market, which will make introduction of our product with a limited marketing budget difficult;

* The difficulty of attracting qualified engineering and marketing personnel to our company.

There may also be factors that we have not foreseen which could interfere with our plans. In addition, changing circumstances may cause us to determine that a change in plans will be in the best interests of Ultradata. For this reason, you should not place undue reliance on any of the forward-looking statements in this report.

Readers are urged to carefully review and consider the various disclosures made by the Company in this report and in the Company's report Form 10-KSB filed with the Securities and Exchange Commission.

The analysis of the Company's financial condition, capital resources and operating results should be viewed in conjunction with the accompanying financial statements, including the notes thereto.

OVERVIEW

Since 1987 we have been engaged in the business of manufacturing and marketing handheld computers that provide travel information. The products are based upon a data compression technology that we developed, portions of which we have patented. Recent developments in communications technology have opened up new opportunities for us to use our technology. Therefore, we still sell our handheld computers, but over the past three years we have been expanding the scope of our operations:

* In 2001 we introduced, in joint venture with Rand McNally, the Rand McNally Triplink(tm), a handheld computer that enables the user to download travel information from the Rand McNally Website.

* In the second quarter of 2002 we shipped the reprogrammed beta-test units of our Travel*Star 24(tm), which combines our travel information with a GPS antenna to enable a driver to obtain his location and directions to his destination while he drives. Improved performance was obtained, but the tests revealed several software problems that are being resolved, and production will occur after a new Beta test is completed. We expect to be in production in early 2003.

* The Company has sold over 3 million of its low-cost handheld travel computers, demonstrating that there is a market for travel information products. To re-awaken that market with an improved product that speaks, the Company is developing a Talking Road Whiz. This product is expected to be available early in 2003. The Company is introducing for the holiday season a very low-cost gift item called Road Rage Relief that produces one-line voice comments about driving upon the press of a button. The product provides a simple means of fastening to an interior surface of the car and can be activated without taking one's eyes off the road.

Each of our consumer products is designed to allow the consumer to access useful information stored in a convenient manner. Our handheld computers generally sell at retail prices between $19.95 and $49.95 per unit. The products have been in retail mass-market chains plus many other locations. The new TRAVEL*STAR 24 will be offered at retail for about $400, which should make it very competitive in the auto aftermarket. Its portability and the fact that it requires no elaborate installation offer advantages over the more expensive in-car systems.

RESULTS OF OPERATIONS

Three and Nine Months Ended September 30, 2002 Compared to Three and Nine Months Ended September 30, 2001

Operating results for the third quarter of 2002 were marginally better than the third quarter of 2001.

Sales. During the three and nine months ended September 30,2002, net sales totaled $354,123 and $1,428,526, respectively, compared with $139,503 and $835,957, respectively for the same periods in 2001. These figures represent increases of 154% and 70.1% for the three- and nine-month periods, respectively. The increase is primarily due to the very low value in 2001 due to the delay of orders usually received in the third quarter.

Gross Profit. Gross profit margin for the three- and nine-month periods ending September 30, 2002 were 5.9% and 21.8%, respectively. There was a September 2002 write-off of obsolete inventory of $90,000, which affected both numbers adversely. Without the September write-down, gross margins would have been 31.3% and 28.1% for the three- and nine-month period, respectively. The write-off was warranted due to the age and poor sales performance of the inventory in question.

SG&A Expense. Selling expenses for the three- and nine-month periods ended September 30, 2002 were $32,840 and $93,076, respectively, compared with $96,804 and $302,786, respectively, for the corresponding periods in 2001. These figures represent decreases of 66.1% and 69.2%, respectively, for the three- and nine-month periods in 2002 versus 2001 in spite of higher sales volume in each period. The primary reason for the decrease is the fact that most of the sales came from a returning customer without significant sales expense to service the orders. General and administrative expenses for the three- and nine-month periods ended September 30, 2002 were $208,183 and $817,976, respectively, compared with $538,056 and $1,678,876, respectively, for the corresponding periods in 2001. These figures represent decreases of 74.5% and 68.0%, respectively, for the three- and nine-month periods in 2002 versus 2001. The primary reasons for the decrease are the reduction in force in the third quarter of 2001, the reduction in office space starting in November of 2001, and the tight controls on operating expenses instituted in 2002. Success in reducing these costs is important to the continuing survival of the Company pending improved sales due to new products.

R&D Expense. Research and development expense in the three-month period ended September 30,2002 decreased 31.9%, and for the nine-month period they decreased 45.0% compared with corresponding periods in 2001. These reductions reflect a continuing effort to reduce expenses. In addition to continuing development of the TRAVEL*STAR 24(initial software release, we are continuing amortization of the capitalized software tools developed over the last 2+ years, as well as pursuing the development of a version of our hand-held data reference product that speaks to the user.

The Company posted a net loss from operations of ($275,591) and ($767,871) for the three- and nine-month periods ended September 30, 2002, respectively, compared to a net loss from operations of ($1,147,126) and ($2,437,484) for the corresponding periods in 2001.

Other Income. Other income (expense) for the three- and nine-month periods ended September 30, 2002 totaled ($24,244) and ($55,697), respectively, compared with ($22,383) and $7,125, respectively, for the corresponding periods of 2001. The reduction has come about through reduced dividend and interest income on reduced cash assets.

As a result of the foregoing, the Company posted a net loss available to common shareholders of ($299,835), or ($0.09) per basic and diluted common share, for the three-month period ended September 30, 2002, compared to a net loss available to common shareholders of ($1,330,119), or ($0.41) per basic and diluted common share, for the three-month period ended September 30, 2001. The Company posted a net loss available to common shareholders of ($823,568), or ($0.24) per basic and diluted common share, for the nine-month period ended September 30, 2002, compared to a net loss available to common shareholders of ($2,682,638), or ($0.83) per basic and diluted common share, for the nine-month period ended September 30, 2001. The Company was required to record an imputed dividend as a result of its sale of Series A redeemable convertible preferred stock in May of 2000 of $160,610 and $252,279 during the three- and nine-month periods ended September 30, 2001, respectively. No such dividend was required in 2002 due to the conversion of the preferred shares to debt in the third quarter of 2001.

FINANCIAL CONDITION AND LIQUIDITY

At September 30, 2002, the Company had $150,240 in cash and cash equivalents, compared to $164,682 at December 31, 2000. The Company's operating activities in the nine months ended September 30, 2001, provided cash totaling $14,023. Losses for the first nine months of the year of $840,795 included non-cash losses due to depreciation and amortization, amounting to $128,784, and were offset by reductions in accounts receivable of $282,253 due to collections on sales in the first half of 2002 and reductions of inventory of $393,646. Accounts receivable were reduced during the quarter by our sale of our Kmart receivable. As an unsecured creditor in the Kmart bankruptcy, the Company could have been forced to wait years for payment, and might never have been paid. Accordingly, with approval of the Board of Directors, the Company sold its Kmart receivable of $233,000 from December 2001 to a financial institution for 26% of the total in order to have near-term cash.

Net cash used in investing activities for the nine-month period ended September 30, 2002 totaled $5,622 for capital expenditures. In the same period of 2001 investing activities provided $752,983 as the Company recovered $765,000 which had been pledged to secure a letter of credit in favor of Talon.

Net cash used in financing activities for the three-month period ended September 30, 2002 was ($22,843) compared with ($304,269) used in the same period of 2001. During 2002 cash used to pay down our convertible debt was offset in part by payments made to fund the purchase of common stock. During 2001 we used 178,000 in cash to repurchase 58 shares of Series A Preferred Stock.

Our operating losses over the past three years have had an adverse effect on our working capital. At September 30, 2002, we had $690,413 in working capital, which Management believes will be sufficient, together with self-generated funds, to finance the purchase orders for the remainder of 2002 as well as the first quarter of 2003, when new products are expected to begin to generate revenues. We expect, therefore, to have sufficient capital resources to fund our operations for the next year and the foreseeable future, given appropriate terms with suppliers and customers.

We have reduced staff, office space, and consulting expenses to bring our costs of doing business more in line with revenues. The Company is now able to function on much lower sales per year and is in a position to be profitable quickly, given the required market acceptance of the new products. Lack of quick acceptance of the new products by customers may result in insufficient funds to continue operations.

Item 3. Controls and Procedures

Monte Ross, our Chief Executive Officer, and Ernest Clarke, our Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures within 90 days prior to the filing date of this report. Based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by the other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Messrs. Ross and Clarke performed their evaluation.

ULTRADATA SYSTEMS, INCORPORATED
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PART II - OTHER INFORMATION

Item 1. Legal Proceedings:

On October 29, 2002, judgment was entered by the Circuit Court of St. Louis County, State of Missouri in the action titled "Ultradata Systems, Inc. vs. E-tegral Partners." (In prior filings we have identified the defendant as "SmartTime", which was the predecessor to E-tegral Partners.) The judgment awarded damages to Ultradata in the sum of $861,770.65, and dismissed the counterclaim filed against Ultradata. The Company has not determined the extent to which it will be able to collect the judgment.

Item 2. Changes in Securities:

None

Item 3. Defaults upon Senior Securities:

None

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

None

Item 5. Other Information:

None

Item 6. Exhibits and Reports on Form 8-K:
Exhibits:

None

Reports on Form 8-K:

None

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.

November 1, 2002

/s/ Monte Ross

Monte Ross, CEO
(Chief executive officer)

/s/ Ernest S. Clarke

Ernest S. Clarke, President
(Principal financial and accounting officer)

CERTIFICATIONS

I, Monte Ross, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Ultradata Systems, Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by

this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 1, 2002 /s/ Monte Ross

Monte Ross, Chief Executive Officer

I, Ernest Clarke, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Ultradata Systems, Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such

statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 1, 2002   /s/ Ernest S. Clarke

                                Ernest Clarke, Chief Financial Officer