

MPULSE TECHNOLOGIES INC
Form PRE 14A
December 17, 2009

PRELIMINARY/ PROXY STATEMENT

PRELIMINARY COPY

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

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

Q Preliminary Proxy Statement o **Confidential, for use of the the Commission only**

£ Definitive Proxy Statement

£ Definitive Additional Materials

£ Soliciting Material Pursuant to Rule 14A-11(c) or
Rule 14a-12

mPhase Technologies, Inc.

(Name of Registrant as Specified In Its Charter)

mPhase Technologies, Inc.

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

Q No fee required

£ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

£ Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid: \$
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

1 Set forth the amount on which the filing fee is calculated and state how it was determined.

PRELIMINARY COPY

**mPHASE TECHNOLOGIES, INC.
587 CONNECTICUT AVENUE
NORWALK, CONNECTICUT 06854-1711
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
FOR FISCAL YEAR ENDED JUNE 30,2008
TO BE HELD WEDNESDAY FEBRUARY 10, 2009**

The Annual Shareholders Meeting of mPhase Technologies, Inc. for fiscal year ended June 30, 2008 will be held at our offices at 587 Connecticut Avenue, Norwalk, CT 06854, on Wednesday February 10, 2009, at 10:00 a.m. local time, for the purpose of considering and voting upon:

(1)

A proposal to elect six (6) Directors to hold office until our next Annual Meeting.

(2)

A proposal to ratify the appointment of Rosenberg, Rich Baker Berman. &Company as the independent accountants for the our 2009 fiscal year commencing July 1,2008 through June 30, 2009.

(3)

A proposal to approve and adopt an amendment to our Amended Certificate of Incorporation to increase the number of authorized shares of common stock from 2,000,000,000 to 3,000,000,000 shares.

(4)

Such other business as may properly come before the meeting and any adjournment thereof.

The above items are more fully described in the attached Proxy Statement. Only shareholders of record at the close of business on December 21, 2009 are entitled to notice of and to vote at the meeting or any adjournment or postponement thereof. A list of stockholders as of the record date will be available for inspection by stockholders at our corporate headquarters during business hours for a period of 10 days before the meeting.

By Order of the Board of Directors
Gustave T. Dotoli
Corporate Secretary

December 28, 2009

IMPORTANT

Whether or not you expect to be present at the meeting, PLEASE FILL IN, SIGN, DATE AND MAIL THE ENCLOSED PROXY as promptly as possible in order to save us further solicitation expense. Shareholders of record attending the meeting may revoke their proxies at that time and personally vote all matters under consideration. There is an addressed envelope enclosed with the Proxy for which no postage is required if mailed in the United States.

*** Exercise Your *Right* to Vote ***

IMPORTANT NOTICE

Regarding the Availability of Proxy Materials

MPHASE TECHNOLOGIES, INC.

Meeting Information

Meeting Type: Annual Meeting

For holders as of: December 21, 2009

Date: February 10, 2010 **Time:** 10:00 AM EST

Location: *mPhase Technologies, Inc.*

587 Connecticut Avenue

Norwalk, CT 06854

You are receiving this communication because you hold Shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at

www.proxyvote.com or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy Materials and voting instructions.

--Before You Vote --

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

1.

Annual Report 2. Notice & Proxy Statement

How to View Online:

Have the 12-Digit Control Number available (located on the following page) and visit:

www.proxyvote.com.

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1)

BY INTERNET: www.proxyvote.com

2)

BY TELEPHONE: 1-800-579-1639

3)

BY E-MAIL:* sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the 12-Digit Control Number (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment Advisor. Please make the request as instructed above on or before December 27, 2009 to facilitate timely delivery.

How To Vote

Please Choose One of The Following Voting Methods

Vote In Person:

Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the Meeting you will need to request a ballot to vote these shares.

Vote By Internet:

To vote now by Internet, go to www.proxyvote.com. Have the 12 Digit Control Number available and follow the instructions.

Vote By Mail:

You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

Voting items

The Board of Directors recommends that you vote FOR the following:

1.

Election of Directors

Nominees

01 Ronald A. Durando 02 Gustave T. Dotoli 03 Victor Lawrence 04 Abraham Biderman 05 Martin S. Smiley 06 Anthony H. Guerino

The Board of Directors recommends you vote FOR the following proposal(s):

2

Ratify the appointment of our independent accountants, Rosenberg Rich Baker Berman & Co. for fiscal year 2009.

3

Approval of an amendment to our Amended Certificate of Incorporation authorizing an increase in authorized shares of common stock from 2 billion shares to 3 billion shares

PRELIMINARY COPY

mPHASE TECHNOLOGIES, INC.

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD WEDNESDAY FEBRUARY 10, 2010**

This Proxy Statement is furnished to the shareholders of mPhase Technologies, Inc. in connection with the solicitation of proxies by our Board of Directors to be voted at the Annual Meeting of Shareholders and at any adjournments thereof. The Annual Meeting will be held at our offices at 587 Connecticut Avenue, Norwalk, CT 06854, at 10:00 a.m. Eastern Time on Wednesday February 10, 2010.

The approximate date on which this Proxy Statement and the accompanying Proxy Card are first being sent or given to shareholders is December 28, 2009

VOTING

General

The securities that may be voted at the Annual Meeting consist of our common stock, with each share entitling its owner to one vote on each matter submitted to the shareholders. The record date for determining the holders of our shares who are entitled to notice of and to vote at the Annual Meeting is December 21, 2009. On the record date _____ shares were outstanding and eligible to be voted at the Annual Meeting.

Quorum and Vote Required

The presence, in person or by proxy, of a majority of the outstanding shares of our shares is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes shall be counted for purposes of determining a quorum, but not have the effect of votes for or against any proposal. Therefore, abstentions and broker non-votes will not affect the outcome of such matter. At a meeting where a quorum is present, with respect to Proposal I for the election of directors, nominees who receive a plurality of the votes cast will be elected to serve until the next Annual Meeting of Shareholders, and with respect to Proposal II for the ratification of appointment of Independent Accountants for the Company, the affirmative vote of a majority of the shares represented at the Annual Meeting will be required to approve such proposal and broker non-votes will be counted as an vote in the affirmative. With respect to Proposal III for the amendment of the Company's certificate of incorporation to authorize an additional 2 billion shares of common stock for a total number of 3 billion authorized shares of common stock, the affirmative vote of a majority of the shares of the Company represented at the meeting or by proxy is required for approval.

Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. Broker non-votes means the votes that could have been cast on the matter in question if the brokers had received their customers' instructions, and as to which the broker has notified us on a Proxy form in accordance with industry practice or has otherwise advised us that it lacks voting authority. If no direction is made this Proxy will be considered a non vote on the election of nominees for the Directors of the Company.

Voting by Proxy

Shares represented by properly executed proxies received at or before the Annual Meeting that have not been revoked will be voted at the Annual Meeting in accordance with the instructions contained therein. Shares represented by properly executed proxies for which no instruction is given will be voted FOR approval of the proposals described

in this Proxy Statement. If any other matters properly come before the Annual Meeting, the persons named as proxies will vote upon such matters according to their judgment. Our shareholders are requested to complete, sign, date and promptly return the enclosed Proxy Card in the postage-prepaid envelope provided for this purpose to ensure that their shares are voted. A shareholder may revoke a proxy at any time before it is voted by signing and returning a later-dated proxy with respect to the same shares, by filing with our corporate secretary, a written revocation bearing a later date or by attending and voting in person at the Annual Meeting. Mere attendance at the Annual Meeting will not in and of itself revoke a proxy.

If the Annual Meeting is postponed or adjourned for any reason, at any subsequent reconvening of the Annual Meeting, all proxies (except for any proxies that have theretofore effectively been revoked or withdrawn) will be voted in the same manner as such proxies would have been voted at the original convening of the Annual Meeting, notwithstanding that such proxies may have been effectively voted on the same or any other matter at a previous meeting.

PROPOSAL I

ELECTION OF DIRECTORS

The Board has nominated six (6) incumbent directors for election: Ronald A. Durando, Gustave T. Dotoli, Anthony Guerino, Abraham Biderman, Victor Lawrence and Martin S. Smiley

Each of the incumbent director nominees has consented to be named a nominee in this Proxy Statement and to serve as a director if elected. Proxies not marked to the contrary will be voted FOR the election to the Board of each nominee. Management has no reason to believe that any of the nominees will not be a candidate or will be unable to serve. However, in the event that any of the nominees should become unable or unwilling to serve as a director, the proxy will be voted for the election of such person or persons as shall be designated by the current directors.

Nominees

The Board of Directors recommends that you vote FOR all of the following nominees:

Name	Age	Positions
Ronald A. Durando	52	Chief Executive Officer and Chairman of the Board of Directors
Gustave T. Dotoli (2)	74	Chief Operating Officer and Director
Anthony H. Guerino (1)(2)	65	Director
Abraham Biderman (1)(2)	62	Director
Victor Lawrence	60	Director
Martin S. Smiley	62	Director, EVP, General Counsel, CFO

(1) Member of Audit Committee.

(2) Member of Compensation Committee .

The following is biographical information about each of the nominees.

Ronald A. Durando is a co-founder of mPhase Technologies, Inc. and has served as the Company's President, Chief Executive Officer and a Director since its inception in October 1996. Since 1994, Mr. Durando has been an officer of Microphase Corporation. From 1986 to 1994, Mr. Durando was President and Chief Executive Officer of Nutley Securities, Inc., a registered broker-dealer. In addition, Mr. Durando is also Chairman of the Board of Janifast Ltd., a Hong Kong company that does manufacturing in Hong Kong and China. Mr. Durando is also President and Director of PacketPort.com, Inc.

Gustave T. Dotoli has served as our Chief Operating Officer since October 1996. Prior to joining us, Mr. Dotoli was President and CEO of State Industrial Safety, Inc. from 1986-1996. In addition, Mr. Dotoli currently serves as the Vice President of Corporate Development of Microphase Corporation. He is formerly the President and Chief Executive Officer of the following corporations: Imperial Electro-Plating, Inc., World Imports USA, Industrial Chemical Supply, Inc., SISCO Beverage, Inc. and Met Pack, Inc. Mr. Dotoli holds a B.S. in Industrial Engineering from Fairleigh Dickinson University.

Martin Smiley is the EVP, CEO and General Counsel of mPhase Technologies, Inc. Mr. Smiley joined the Company on August 21, 2000. From June of 1994 through July of 2000, Mr. Smiley was a Managing Director in the Investment Banking Division of CIBC/Oppenheimer focusing on high yield debt placements for the independent power industry. From 1990 through 1994, Mr. Smiley served as Vice President of Investment Banking specializing in International Lease Financing and served as Vice President and General Counsel of Chrysler Capital Corporation commencing in 1984. Prior to that Mr. Smiley was a practicing attorney with the New York Law Firms of Leboeuf, Lamb Greene & MacRade specializing in corporate finance and SEC matters. Mr. Smiley received his B.A. in Mathematics from the University of Pennsylvania in 1969 and his J.D. from the University of Virginia School of Law in 1975.

Anthony H. Guerino has been a member of the Board since February 23, 2000. Since December 1997, Mr. Guerino has been an attorney in private practice in New Jersey. Prior thereto, Mr. Guerino served as a judge of the Newark Municipal Courts for over twenty (20) years, periodically sitting in the Essex County Central Judicial Processing Court at the Essex County Courthouse. Mr. Guerino has been a chairperson for and member of several judicial committees and associations in New Jersey, and has been an instructor for the Seton Hall School of Law's Trial Moot Court Program.

Abraham Biderman has been a member of the Board since August 3, 2000. Since October of 2003, Mr. Biderman has been a Managing Director of Investment Banking of Eagle Advisers, an investment banking firm located in New York City. From 1990-September of 2003, Mr. Biderman had been employed by Lipper & Co. as Executive Vice President; Executive Vice President, Secretary and Treasurer of the Lipper Funds; and Co-Manager of Lipper Convertibles, L.P. Prior to joining Lipper & Co. in 1990, Mr. Biderman was Commissioner of the New York City Department of Housing, Preservation and Development from 1988 to 1989 and Commissioner of the New York City Department of Finance from 1986 to 1987. He was Chairman of the New York City Retirement System from 1986 to 1989. Mr Biderman was Special Advisor to former Mayor Edward I. Koch from 1985 to 1986 and assistant to former Deputy Mayor Kenneth Lipper from 1983 to 1985. Mr. Biderman is a Director of the Municipal Assistance Corporation for the City of New York. Mr. Biderman graduated from Brooklyn College and is a certified public accountant.

Dr Victor Lawrence is bachelor Chair professor of Electrical Engineering and Associate Dean for Special Programs, in the Charles V Schafer, Jr. School of Engineering, at Steven Institute of Technology. Dr. Victor Lawrence is a member of the National Academy of Engineering and has worked in the information technology and communications field for over thirty years. He is an industry leader in digital communications R&D and services, an entrepreneur, an active member of engineering professional organizations, an author, and a teacher who has extensive international experience. Prior to joining Steven Institute of Technology Dr. Lawrence was Vice President, Advanced Communications Technology, Bell Laboratories, Lucent Technologies. He led the development of technologies that go into the most innovative, reliable, and cost-effective communications networks for the leading telecommunications service providers. He has supported Lucent's businesses with a staff of about 500 leading technologists and a budget of about \$100M. Major projects included gigabit, photonic, and wireless networking developments and services. He was responsible for a team of engineers that worked on performance analysis, simulations and development of broadband access and backbone networks for many national and international service providers. All of Lucent's R&D organizations relied on his high-technology support of computer-aided hardware design, physical and thermal design, systems compliance testing and certification, and design for high performance network control, signaling, and management. Earlier, he was Director, Advanced Multimedia Communications at Bell Labs, where he was responsible for systems engineering, exploratory development of multimedia signal processing, transmission, and

switching, including speech and audio coding, modems, broadband transmission, ATM switching and protocols, and wireless communication and signal processing. He held a variety of leadership positions in data communications research, digital techniques, and information systems. His application of digital signal processing to data communications in the late 1980s and early 1990s led to many significant advances in high-speed transmission over copper lines (e.g., voice band modems and DSL), which helped create a global industry that leverages the public switched telephone network. Dr. Lawrence played a significant role in the development of every major international voiceband modem standard, making high-speed data communication over international networks possible. The universal availability of high-speed data connectivity stimulated the growth and widespread use of the Internet. He led the development of high-speed modem/fax chip sets that are used in data terminals, computers, and voice terminals for secure communications worldwide. His work on high-speed transceivers for local loop and for premises applications led to the development of a variety of DSL technologies, many of which are deployed today for broadband services.

Dr. Lawrence is a member of the National Academy of Engineering and a Fellow of both the Institute of Electrical and Electronics Engineers (IEEE) and AT&T Bell Labs. For his scientific achievements, Dr. Lawrence has received numerous awards, including the 2004 IEEE Award in International Communication and a 1997 Emmy Award for the HDTV Grand Alliance Standard. He was also the co-recipient of the 1984 J. Harry Karp Best Paper Award and the 1981 Gullemmin-Cauer Prize Award.

He served as the Chairman, IEEE Awards Board in 1994-1995, was Editor-In-Chief, IEEE Transactions on Communications from 1987 to 1991, and a member of the Board of Governors of the IEEE Communications Society from 1990 to 1992. He was also Special Rapporteur on Coding (1982-1984) and on Transmission Impairments (1984) for CCITT (now ITU). Dr. Lawrence has been a key proponent of R&D globalization and is championing the effort to bring fiber optic connectivity to Africa. Over the past several years at Bell Labs, he managed a worldwide R&D organization, with branches in Beijing and Shanghai in China and in Hilversum and Twente in the Netherlands, as well as four states in the US. Before joining Bell Labs in 1974, he taught at Kumasi University of Science and Technology in Ghana, and was employed as a research engineer at the General Electric Company in the UK. Dr. Lawrence is the co-author of five books : *Introduction to Digital Filters*, *Tutorials on Modem Communications*, *Intelligent Broadband Multimedia Networks*, *Design and Engineering of Intelligent Communications Systems*, and *The Art of Scientific Innovation*. He holds over 20 U.S. and international patents and has over 45 papers in referenced journals and conference proceedings, covering digital signal processing and data communications. Dr. Lawrence has taught Signal Processing and Data Networking courses at the University of Pennsylvania, Rutgers University, Princeton University, Columbia University, and Fairleigh Dickinson University, and delivered the Chancellor's Distinguished Lecture Series at the University of California at Berkeley in 1986. He has also taught Technology Management and Technology Incubation courses at Bell Labs to new engineers.

Since 1996, Dr. Lawrence has taught a short-course each year at the US Industrial College of the Armed Forces.

From 1997-2001, Dr. Lawrence and his staff supported Senator Frist and the US Sub-Committee on Science and Technology.

Dr. Lawrence received his undergraduate, masters, and doctorate degrees from the University of London in the United Kingdom.

The Board of Directors and Committees

During fiscal year ended June 30, 2008, the Board of Directors held one meeting. Each director attended at least 75% of the combined number of meetings of the Board and Board committees of which he was a member.

The Board of Directors created an Audit and Compensation Committee on February 23, 2000. The Audit Committee during fiscal 2008 was comprised of Messrs. Biderman and Guerino. Mr. Guerino meets the independence criteria established by the National Association of Securities Dealers, Inc. The report of the Audit Committee describes the scope of authority of the committee and may be found herein.

The Board of Directors also has a Compensation Committee. As more fully described in the Report of the Compensation Committee set forth in this Proxy Statement, the Compensation Committee is responsible for our management and employee compensation. Specifically, the Compensation Committee determines the adequacy of management and employee compensation including the administration of our 2001 Long-Term Stock Incentive Plan. The Compensation Committee is presently comprised of Messrs. Dotoli, Biderman and Guerino.

On October 19, 2007, in connection with the settlement and dismissal of a civil law suit originally filed on November 16, 2005 by the Securities and Exchange Commission in the Federal District Court in the District of Connecticut, the SEC issued a Cease and Desist Order and certain remedial sanctions against two officers of mPhase Technologies, Inc. (the "Company"). The civil suit was filed against Packetport.com, Inc. a Nevada corporation, Microphase Corporation, a Connecticut corporation, a company that provides administrative services to the Company and shares common management with the Company, and others. The two officers of the Company were Mr. Ronald A. Durando, President and Chief Executive Officer and Mr. Gustave T. Dotoli, the Chief Operating Officer. The Civil suit by the SEC named as respondents Mr. Durando, Mr. Dotoli and others in connection with their activities as officers and directors of Packetport.com. The cease and desist order from the SEC found that (1) Mr. Durando had violated Section 5 of the Securities Act of 1933, as amended, by making unregistered sales of common stock of Packetport.com.(2) Mr. Durando and Mr. Dotoli had violated Section 16(a) of the Securities Exchange Act of 1934, as amended, and Rule 16(a) thereunder by failing to timely disclose the acquisition of their holdings on Form 3 s and (3) Mr. Durando had violated Section 13(d) of the Securities Exchange Act of 1934, as amended, for failing to disclose the acquisition of more than five percent of the stock of Packetport.com. Under the order Mr. Durando was required to disgorge \$150,000 and Mr. Dotoli was required to disgorge \$100,000. The Company was not named as a party to the civil suit. More information regarding the detailed terms of the settlement can be found in SEC release No 8858 dated October 18, 2007 promulgated under the Securities Act of 1933 and SEC Release No. 56672 dated October 18,2007 promulgated pursuant to the Securities Exchange Act of 1934.

Mr. Durando and Mr. Dotoli have continued to serve as officers and directors of the Company. Mr Durando and Mr. Dotoli together with Microphase corporation and others, without admitting or denying the findings of the SEC, except as to jurisdiction and subject matter, have consented to the entry of the Order Instituting Cease and Desist Proceedings, Making findings and Imposing a Cease and Desist Order and Remedial Sanctions pursuant to Section 8A of the Securities Exchange Act of 1933 and Section 21C of the Securities Exchange Act of 1934.

Director Compensation

For their attendance of Board and Committee meetings, we compensate the Directors with an annual stipend and stock options granted under our Stock Incentive Plan, which grants are included in the table Security Ownership of Certain Beneficial Owners and Management and the notes thereto.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during fiscal 2008 were Messrs. Dotoli, Biderman and Guerino. Mr. Dotoli is our Chief Operating Officer. Neither Messrs. Biderman nor Guerino has been one of our officers or

employees. None of our directors or executive officers served as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of such committee, the entire Board of Directors) of another entity during fiscal 2008 that has a director or executive officer serving on our Board of Directors except that Mr. Dotoli was also a member of the Board of Directors of PacketPort.com, Inc., a company in which Mr. Durando served as Chief Executive Officer until the Company merged with Wyndstorm Corporation, at which time Mr. Dotoli and Mr. Durando resigned from their respective positions.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. Our committee has reviewed in accordance with recent revisions to the law pursuant to the Sarbanes-Oxley Act our Form 10-K, covering the fiscal year of the Company ending June 30, 2008.

In fulfilling our oversight responsibilities, we will with our independent accountants who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the committee under generally accepted auditing standards. We also have discussed with the independent accountants their independence from management, including the matters in the written disclosures from the independent accountants required by the Independence Standards Board. We further considered whether the provision by the independent accountants of the non-audit services described elsewhere in this Proxy statement is compatible with maintaining their independence. Finally, we recommended, and the Board of Directors approved, the selection Rosenberg, Rich, Baker, Berman & Company as our independent accountants for the fiscal year 2009 commencing July 1, 2008 and ending June 30, 2009.

We have also discussed with our internal auditors and independent accountants the overall scope and plans for their respective audits. We meet with the internal auditors and independent accountants, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of financial reporting.

Anthony Guerino
Abraham Biderman

PROPOSAL II

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

We have engaged Rosenberg, Rich, Baker, Berman & Company certified public accountants having offices in Bridgewater, New Jersey, as our independent auditors for fiscal year 2009 commencing July 1, 2008 and ending June 30, 2009.

Audit Fees. Fees for the audit for the fiscal year ended June 30, 2008 and the reviews of Forms 10-Q for such fiscal year amounted to \$63,750.

Fees for Financial Information Systems Design and Implementation. None.

All other fees. None

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF APPOINTMENT OF ROSENBERG, RICH, BAKER, BERMAN & COMPANY AS THE EXTERNAL AUDITORS FOR US FOR THE FISCAL YEAR 2009 COMMENCING ON JULY 1, 2008 AND ENDING ON JUNE 30, 2009. THE AFFIRMATIVE VOTE OF HOLDERS OF A MAJORITY OF THE SHARES OF COMMON STOCK REPRESENTED AT THE MEETING IS REQUIRED TO RATIFY THE APPOINTMENT OF THE AUDITORS. SHARES OF COMMON STOCK REPRESENTED AT THE MEETING BY EXECUTED BUT UNMARKED PROXIES WILL BE VOTED FOR RATIFICATION OF ROSENBERG, RICH, BAKER, BERMAN & COMPANY.

PROPOSAL III

APPROVAL OF AN AMENDMENT TO THE COMPANY S AMENDED CERTIFICATE OF INCORPORATION

The Board of Directors has approved, and is recommending to the stockholders for approval at the Annual Meeting, an amendment to our Amended Certificate of Incorporation to increase the number of authorized shares of common stock from 2,000,000,000 to 3,000,000,000 shares. The Board of Directors determined that this amendment is advisable and should be considered at the Annual Meeting.

Purpose and Effect of the Amendment to Authorize Additional Shares of Common Stock

PROPOSAL TO AMEND THE COMPANY S AMENDED CERTIFICATE OF INCORPORATION TO INCREASE THE AUTHORIZED COMMON STOCK FROM 2,000,000,000 SHARES TO 3,000,000,000 SHARES

Background

The Company s Amended Certificate of Incorporation, as currently in effect, provides that the Company s authorized capital stock consists of 2,000,000,000 shares of common stock, \$.01 par value per share. Effective as of April 25, 2009, the Company s Board of Directors unanimously approved an amendment to Article 4 of the Company s Amended Certificate of Incorporation to increase the number of authorized shares of common stock from 2,000,000,000 shares to 3,000,000,000 shares. In accordance with New Jersey law, the proposed amendment to the Amended Certificate of Incorporation is subject to shareholder approval.

In the event that shareholder approval of the proposed amendment is obtained, the Company expects to file a Certificate of Amendment to the Amended Certificate of Incorporation with the New Jersey Secretary of State on or about the close of business on the date of the Annual Meeting.

As of November 30, 2009, out of the 2,000,000,000 shares of common stock currently authorized for issuance under the Amended Certificate of Incorporation, a total of 1,037,615 shares were issued and outstanding and 714,203,309 shares were reserved for issuance upon exercise of the Company s stock options, warrants and other convertible securities. An increase in the number of shares of common stock authorized for issuance under the Company s Amended Certificate of Incorporation is necessary to permit the Company to have additional shares available for issuance in furtherance of the Company s business purposes, as more fully set forth below under Reasons For and Effects Of the Proposal. .

Reasons for and Effects of the Proposal

Due to the limited number of shares of common stock available to be issued, the Board of Directors has unanimously approved, and voted to recommend that the shareholders approve, an amendment to the Company s Amended Certificate of Incorporation pursuant to which the number of shares of common stock which the Company would be authorized to issue would be increased from 2,000,000,000 shares to 3,000,000,000 shares.

The Board of Directors believes that an increase in authorized common stock would provide the Company with increased flexibility to issue and/or sell common stock from time to time at the discretion of the Board of Directors, and without further authorization by the shareholders, for one or more of the following business purposes: (i) in public or private offerings as a means of obtaining additional capital for the Company s business; (ii) as part or all of the consideration required to be paid for the acquisition of ongoing businesses or other assets; (iii) to satisfy any current or future financial obligations of the Company; (iv) in connection with the exercise of options, warrants or rights, or the conversion of convertible securities that may be issued by the Company; or (v) pursuant to any benefit, option or stock ownership plan or employment agreement.

The proposed increase in the number of authorized shares of common stock will not change the number of shares of common stock outstanding or the rights of the holders of such stock. Other than issuing new shares of common stock upon the exercise of options, warrants, Convertible Debentures and Convertible Notes, the Company has no immediate plans to issue additional common stock out of the additional authorized shares. However, the Company does anticipate that it will need to raise additional equity capital in the near future through the issuance of common stock or securities convertible into or otherwise grant the holder the right to purchase common stock. The records of the Company s transfer agent indicated that as of November 30, 2009, the Company has 1,037,332,615 shares of common stock outstanding plus warrants at prices ranging from \$.05 to \$.35 per share convertible into 138,900,788 shares of common stock and options ranging from \$.05 per share to \$.30 per share convertible into 145,293,000 shares of common stock. Warrants convertible into 2,409,000 shares of common stock expired from July 1, 2009 through November 30, 2009. All warrants and options have fixed strike prices and none allow for cashless exercise.

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As of November 30, 2009, the Company's Convertible Debentures are immediately convertible into 53,095,238 shares of common stock at a price discounted from the market price of \$.021 per share for \$836,875 of funding already received by the Company and 376,914,283 shares of common stock through November 17, 2012 provided that the Company receives funding of \$5,678,458 under these agreements. The shares that would be issued under the Convertible Debentures would increase in cases where the price of the Company's common stock decreased. The Company also has outstanding officer notes for amounts owed that have limited conversion features effective from April of 2009 through April of 2014, provided such shares are available, that could be convertible into approximately 195,000,000 shares of common stock.

A detailed discussion of common stock, option, warrants and convertible debentures is set forth in Note 8 entitled "Stockholders Equity" and Note 13 entitled "Subsequent Events" and further discussion of the officer's loans and the limited conversion feature is set forth in Note 9 entitled "Related Party Transactions" included in the Company's proposed Form 10K/A that will be filed by the Company prior to the filing of our Definitive Proxy. The terms of the relevant Convertible Debentures may be found in our in our respective Form 8K filings of September 18, 2008, January 21, 2009 and August 21, 2009.

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The Company has set forth on Page 9 of this Proxy the Beneficial Ownership of Related Parties as of June 30, 2009.

In private placements that occurred during the fiscal year ended June 30, 2008 and continuing through the quarter ended September 30, 2009, the Company has, as indicated in its Form 10K and Form 10Q filings, the issuance of reparation shares during such period to induce prior investors from earlier offerings to invest in additional shares of common stock of the Company. As of the date hereof, there are no current agreements for the issuance of any additional reparation shares. The Company is unable to predict whether conditions in the financial markets in the future may require it to issue additional reparation shares in order to attract monies in future private placements of its common stock.

Any issuance of additional shares of common stock could reduce the current shareholders' proportionate interests in the Company, depending on the number of shares issued and the purpose, terms and conditions of the issuance. Moreover, the issuance of additional shares of common stock could discourage attempts to acquire control of the Company by tender offer or other means. In such a case, shareholders might be deprived of benefits that could result from such an attempt, such as realization of a premium over the market price of their shares in a tender offer or the temporary increase in market price that could result from such an attempt. Also, the issuance of stock to persons supportive of the Board of Directors could make it more difficult to remove incumbent management and directors from office. Although the Board of Directors intends to issue common stock only when it considers such issuance to be in the best interest of the Company, the issuance of additional shares of common stock may have, among others, a dilutive effect on earnings per share of common stock and on the equity and voting rights of holders of shares of common stock. The Board of Directors believes, however, that the benefits of providing the flexibility to issue shares without delay for any business purpose outweigh any such possible disadvantages.

Ownership of shares of common stock entitles each shareholder to one vote per share of common stock. Holders of shares of common stock do not have preemptive rights to subscribe to additional securities that may be issued by the Company, which means that current shareholders do not have a prior right to purchase any new issue of capital stock of the Company in order to maintain their proportionate ownership. Shareholders wishing to maintain their interest, however, may be able to do so through normal market purchases.

The increase in the authorized common stock will be implemented by effecting an amendment to the Company's Amended Certificate of Incorporation, replacing the current Article 4 with a new Article 4 that states as follows:

The aggregate number of shares of common stock which the Corporation shall have authority to issue is 3,000,000,000 shares, par value \$.01 per share

Assuming the increase in authorized common stock is approved by the shareholders at the Annual Meeting, an amendment to the Company's Amended Certificate of Incorporation will be filed with the Secretary of State of the State of New Jersey, and the increase in authorized common stock will become effective as of 5:00 p.m. Eastern time on the date of such filing. The Company expects that such filing will take place on or shortly after the date the Annual Meeting is held. The increase in authorized common stock may be abandoned by the Board of Directors at any time before or after the Annual Meeting should the shareholders not approve this proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDED CERTIFICATE OF INCORPORATION THEREFORE INCREASING THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 2,000,000,000 SHARES TO 3,000,000,000 SHARES, AS SET FORTH ABOVE. THE AFFIRMATIVE VOTE OF HOLDERS OF A MAJORITY OF OUTSTANDING SHARES OF COMMON STOCK IS REQUIRED TO APPROVE THE AMENDMENT TO THE AMENDED CERTIFICATE OF INCORPORATION. SHARES OF COMMON STOCK REPRESENTED AT THE MEETING BY EXECUTED BUT UNMARKED PROXIES WILL BE VOTED FOR APPROVAL OF THE PROPOSAL.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of June 30, 2009 certain information regarding the beneficial ownership of our shares:

1. by each person who is known by us to be the beneficial owner of more than five percent (5%) of its outstanding common stock;
2. each of our directors;
3. by each executive officer named in the Summary Compensation Table; and, by all of our directors and executive officers as a group.

AFFILIATES (1 & 2)	Shares	Warrants	Options	TOTAL	%
Victor Lawrence	-	-	-	-	
Anthony Guerino	-	-	765,000	765,000	0.05%
Abraham Biderman	1,076,900	-	1,065,000	2,141,900	0.15%
Gustave Dotoli	22,793,033	-	36,775,000	59,568,033	4.20%
Ron Durando (3)	43,588,965	65,000	63,675,000	107,328,965	7.57%
Ned Ergul	2,850,000	-	2,655,000	5,505,000	0.39%
Martin Smiley	16,262,629	2,345,569	19,700,000	38,308,198	2.69%
Microphase	16,060,019	5,572,222	-	21,632,241	1.54%
Janifast	8,227,778	1,950,000	-	10,177,778	0.72%
Total Affiliates	110,859,324	9,932,791	122,510,000	243,302,115	17.33%

(1) Unless otherwise indicated, the address of each beneficial owner is 587 Connecticut Avenue, Norwalk, Connecticut 06854-1711.

(2) Unless otherwise indicated, mPhase believes that all persons named in the table have sole voting and investment power with respect to all shares of the Company shares beneficially owned by them. The percentage for each beneficial owner listed above is based on 1,103,089,650 shares outstanding on June 30, 2009, and, with respect to each person holding options or warrants to purchase shares that are exercisable within 60 days after June 30, 2009, the number of options and warrants are deemed to be outstanding and beneficially owned by the person for the purpose of computing such person's percentage ownership, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(3) Includes 1,816,148 shares held by Durando Investment LLC, Shares held by Janifast which Mr. Durando controls are stated separately.

(4) Does not include 90,519,050 and 36,510,585 shares issuable for unpaid compensation, loans plus accord interest, if converted for Messrs. Durando, Dotoli and Smiley respectively. Such conversions are subject to availability of authorized shares.

EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

Our executive officers, directors and other significant employees and their ages and positions as of June 30, 2008 are as follows: