Sanswire Corp.
Form 10KSB
October 09, 2008

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

FORM 10-KSB

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number: 0-23532

SANSWIRE CORP.
(formerly Globetel Communications Corp.)

(Name of small business issuer in its charter)

Delaware	88-0292161
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

101 NE 3rd Ave, Suite 1500, Fort Lauderdale, Florida 33301
(Address of Principal Executive Offices) (Zip Code)

Issuer's telephone number: (954) 332-3759

Securities registered under Section 12 (b) of the Exchange Act:

Title of each class	Name of exchange on which registered

Securities registered pursuant to Section 12 (g) of the Exchange Act: Common Stock Par Value $.00001 per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes. o No: x

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definite proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

x

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

State issuer's revenues for its most recent fiscal year ended December 31, 2007: $53,754.

As of September 23, 2008, there were 158,753,208 shares of the issuer's common stock issued and outstanding. Affiliates of the issuer own 1,851,111 shares of the issuer's issued and outstanding common stock and the remaining 156,902,097 shares are held by non-affiliates. The aggregate market value of the shares held by non-affiliates at September 23, 2008 was $10,041,734.

DOCUMENTS INCORPORATED BY REFERENCE:

There are documents incorporated by reference in this Annual Report on Form 10-KSB, which are identified in Part III, Item 13.

Transitional Small Business Disclosure Format (Check one): Yes o No x

(*) Affiliates for the purposes of this Annual Report refer to the officers, directors of the issuer and subsidiaries and/or persons or firms owning 5% or more of issuer's common stock, both of record and beneficially.

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PART I

Forward-Looking Statements and Risk Factors

Certain information included in this Form 10-KSB and other materials filed or to be filed by Sanswire Corp. ("Sanswire," "GlobeTel," the “Company”, "we", "us" or "our") with the Securities and Exchange Commission (as well as information included in oral or written statements made from time to time by us, may contain forward-looking statements about our current and expected performance trends, business plans, goals and objectives, expectations, intentions, assumptions and statements concerning other matters that are not historical facts. These statements may be contained in our filings with the Securities and Exchange Commission, in our press releases, in other written communications, and in oral statements made by or with the approval of one of our authorized officers. Words or phrases such as "believe", "plan", "will likely result", "expect", "intend", "will continue", "is anticipated", "estimate", "project", "may", "could", "would", "should" and similar expressions are intended to identify forward-looking statements. These statements, and any other statements that are not historical facts, are forward-looking statements.

Those statements include statements regarding our intent, belief or current expectations, and those of our officers and directors and the officers and directors of our subsidiaries as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results and the timing of certain events may differ materially from those contemplated by such forward-looking statements.

We are filing the following summary to identify important factors, risks and uncertainties that could cause our actual results to differ materially from those projected in forward-looking statements made by us, or on our behalf. These cautionary statements are to be used as a reference in connection with any forward-looking statements. The factors, risks and uncertainties identified in these cautionary statements are in addition to those contained in any other cautionary statements, written or oral, which may be made or otherwise addressed in connection with a forward-looking statement or contained in any of our subsequent filings with the Securities and Exchange Commission. Because of these factors, risks and uncertainties, we caution against placing undue reliance on forward-looking statements. Although we believe that the assumptions underlying forward-looking statements are reasonable, any of the assumptions could be incorrect, and there can be no assurance that forward-looking statements will prove to be accurate. Forward-looking statements speak only as of the date on which they are made. We do not undertake any obligation to modify or revise any forward-looking statement to take into account or otherwise reflect subsequent events, or circumstances arising after the date that the forward-looking statement was made.

The following risk factors may affect our operating results and the environment within which we conduct our business. If our projections and estimates regarding these factors differ materially from what actually occurs, our actual results could vary significantly from any results expressed or implied by forward-looking statements. These risk factors include, but are not limited to, changes in general economic, demographic, geopolitical or public safety conditions which affect consumer behavior and spending, including the armed conflict in Iraq or other potential countries; various factors which increase the cost to develop airships, including factors under the influence and control of government agencies and others; fluctuations in the availability and/or cost of helium, carbon fiber or other resources necessary to successfully assemble our airships; our Company's ability to raise prices sufficiently to offset cost increases, including increased costs for resources; the feasibility and commercial viability of our Stratellite project; related contemplated funding from third parties to finance the project, and necessary cooperation with various military and non-military agencies of the United States government, and similar agencies of foreign governments; depth of management and technical expertise and source of intellectual and technological resources; adverse publicity about us and our airships; relations between our Company and its employees and partners; legal claims and litigation against the Company; including the recently commenced SEC lawsuit; the availability, amount, type, and cost of capital for the Company and the deployment of such capital, including the amounts of planned capital expenditures; changes in, or any failure to comply with, governmental regulations; the amount of, and any changes to, tax rates and the success of various initiatives to minimize taxes; and other risks and uncertainties referenced in this Annual Report on Form 10-K. This statement, and any other statements that are not historical facts, are forward-looking statements.

This annual report also contains certain estimates and plans related to the airship industry. The estimates and plans assume that certain events, trends and activities will occur, of which there can be no assurance. In particular, we do not know what level of growth will exist, if any, in the market for lighter than air unmanned aerial vehicles,. Our growth will be dependent upon our ability to compete with larger, well-established companies. If our assumptions are wrong about any events, trends and activities, then our estimates for the future growth of Sanswire and our consolidated business operations may also be wrong. There can be no assurance that any of our estimates as to our business growth will be achieved.

ITEM 1. DESCRIPTION OF BUSINESS

General

Sanswire Corp. ("Sanswire," "Globetel", "we", "us", "our", or the "Company"), is engaged in the business of developing high-altitude airships called Stratellites that will be used to provide wireless voice, video, and data services. The airships are designed to provide intelligence, surveillance and reconnaissance capabilities in a military context.

From 2002 to 2007 Sanswire was involved in the following business sectors: stored value card services; wholesale telecommunications services; voice over IP; wireless broadband; and high altitude airships. These business units operated through various subsidiaries. The Company has discontinued operations in all but the high altitude airship sector.

Beginning in 2007, Sanswire began focusing exclusively on opportunities through its wholly-owned subsidiary Sanswire Networks. The opportunities associated with Sanswire are related to the Lighter Than Air (LTA) Unmanned Aerial Vehicle (UAV) market. Sanswire seeks to build and run a UAV business that includes low-, mid- and high-altitude, lighter-than-air vehicles. Sanswire intends to provide customers advanced seamless wireless broadband capabilities and surveillance sensor suites utilizing its High Altitude Airship technology.

Sanswire's main products are airships, which provide a platform to transmit wireless capabilities from air to ground.

The High Altitude class of prospective airships are generally referred to as HAAs (High Altitude Airships) but have also been called HAPs and HALEs (High Altitude Platforms, High Altitude Long Endurance). They are being designed to be able to keep a station in one location in the Stratosphere, at approximately 65,000 ft for durations of 30 days or more.

Reverse Stock Split

Sanswire is authorized to issue up to 250,000,000 shares of Common Stock, par value $0.00001 per share, (subsequent to a 15-for-1 reverse stock split on May 23, 2005 and subsequent to an increase in the authorized shares from 150,000,000 to 250,000,000 at the shareholder meeting on June 21, 2006) and 10,000,000 shares of Preferred Stock, par value $0.001. The post split share calculation will be used throughout this report, unless noted. 760,000 shares of Preferred Stock has been allocated into different series of issuance and the remaining 9,240,000 shares is a so-called "blank check" preferred, meaning that its terms such as dividends, liquidation and other preferences, are to be fixed by our Board of Directors at the time of issuance. The dividends, liquidation rights and other preferences for each class of Preferred Stock are explained in Item 7, Financial Statements, Note 12.

Recent Developments

On October 5, 2007, Sanswire received a "Wells Notice" from the Securities and Exchange Commission (the "SEC") in connection with the SEC's ongoing investigation of the Company. The Wells Notice provides notification that the staff of the SEC intends to recommend to the Commission that it bring a civil action against the Company for possible violations of the securities laws including violations of Sections 5 and 17(a) of the Securities Act of 1933; Sections 10(b), 13(a), and 13(b)(2)(A) & (B) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder; and seeking as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. The staff is also considering recommending that the SEC authorize and institute proceedings to revoke the registration of the Company's securities pursuant to Section 12(j) of the Exchange Act.

On November 26, 2007 the SEC announced that it had filed a civil lawsuit against two former employees of Sanswire alleging that Joseph J. Monterosso, former Chief Operating Officer of Sanswire and former president of the

Company's Centerline Communications Subsidiary, and Luis Vargas, an employee of Centerline, engaged in a scheme to create $119 million in revenue that was subsequently reported in the Company's financial statements as filed with the Commission. Securities and Exchange Commission v. Joseph J. Monterosso and Luis E. Vargas , Civil Action No. 07-61693 (S.D. Fla., filed on November 21, 2007).

On May 1, 2008 the SEC filed a lawsuit (the “complaint”) against Sanswire and three of the Company's former officers (Securities and Exchange Commission v. GlobeTel Communications Corp., Timothy J. Huff, Thomas Y. Jimenez and Lawrence E. Lynch, Case No. 08-CV-60647 (S.D. Fla., filed May 1, 2008). The complaint filed represents decisions and actions taken by Sanswire's management team during the Company's operations covering 2004-2006. Specifically the complaint concerns former CEO Timothy Huff, former COO and CFO Larry Lynch, and former CFO Thomas Jimenez. The complaint reiterates that former officer Joseph Monterosso and former employee Louis Vargas conspired to and carried out a scheme to fraudulently cause the Company to report 119 million dollars in nonexistent revenue. The Company no longer has any relationship with those individuals. As a result of the alleged schemes and actions of the previous management mentioned in the complaint, the Company is diligently working to come into compliance with all relevant regulations. The Company has formally exited all businesses associated with the alleged schemes and continues to operate under new management with the goal of completing the restructuring of the Company and focusing all its efforts on new opportunities in the aerospace sector.

On September 22, 2008 we filed a Certificate of Merger with the Secretary of State of the State of Delaware pursuant to which our wholly owned subsidiary, Sanswire Corp., a Delaware corporation, was merged into us. As a result of the filing of the Certificate of Merger, our corporate name was changed from GlobeTel Communications Corp. to Sanswire Corp.

Background

We were previously a wholly-owned subsidiary of American Diversified Group, Inc. (“ADGI”). At a special meeting of stockholders of ADGI held on July 24, 2002, the stockholders of ADGI approved a plan (the "Plan") for the exchange of all outstanding shares of ADGI for an equal number of shares of Sanswire.

ADGI was incorporated under the laws of the State of Nevada as Terra West Homes, Inc. on January 16, 1979. On March 15, 1995, its name was changed to "American Diversified Group, Inc." During the period ended July 24, 2002, ADGI's business activities included (i) sale of telecommunication services primarily involving Internet telephony using VoIP through its Global Transmedia Communications Corporation subsidiary ("Global"), and (ii) wide area network and local area network services provided through its NCI Telecom, Inc. subsidiary ("NCI").

Global was acquired by ADGI on February 19, 2000, and NCI was acquired on June 29, 2000. During 2002, Global and NCI were merged with and into ADGI, with ADGI as the surviving corporation.

When ADGI exchanged all of its outstanding shares of common stock for Sanswire common stock, ADGI became a wholly-owned subsidiary of Sanswire and Sanswire began conducting the business formerly conducted by ADGI.

In 2004, we formed wholly-owned subsidiaries: Sanswire Networks, LLC (“Sanswire-FL”) for our Stratellite project; and Centerline Communications, LLC, (“Centerline” or “CLC”) and its wholly-owned subsidiaries, EQ8, LLC, G Link Solutions, LLC, Volta Communications, LLC, and Lonestar Communications, LLC for the purpose of the recording and managing the sale of wholesale minutes and related network management functions. We have since closed Centerline and its subsidiaries.

In 2004, we acquired a 73.15% interest in Consolidated Global Investments, Ltd. (“CGI”), formerly known as Advantage Telecommunications, Ltd. (“ATC”), an Australian company. CGI was to be utilized in the carrier sales sector of our business and was later to be a licensee of the Sanswire Networks, LLC in Australia. However, we have since sold our shares in CGI back to the Company and no longer have any interest in CGI. Certain shares of Sanswire acquired by CGI were sold by CGI. The Securities and Exchange Commission has questioned the validity of the exemption used for the sale of such shares as more fully discussed below in Item 3 “Legal Proceedings.”

In 2008 we incorporated Sanswire Corp., a Florida corporation and wholly-owned subsidiary, to deal directly with airship opportunities based upon our agreement with TAO Technologies, GmbH. We also incorporated Sanswire-TAO Corp., a Florida corporation that is a 50/50 joint venture with TAO Technologies. The agreements with TAO are discussed below.

On September 22, 2008 we filed a Certificate of Merger with the Secretary of State of the State of Delaware pursuant to which our wholly owned subsidiary, Sanswire Corp., a Delaware corporation, was merged into us. As a result of the filing of the Certificate of Merger, our corporate name was changed from GlobeTEl Communications Corp. to Sanswire Corp.

Business of Sanswire

Sanswire Corp. has sharply refined its operating model focusing exclusively on opportunities in Lighter Than Air (LTA) Unmanned Aerial Vehicles (UAV). We seek to build and run a UAV business that includes low-, mid- and high-altitude, lighter-than-air vehicles; adding value to their security, surveillance and broadcasting abilities through the integration of wireless technologies with a wide array of customer payloads. Our long-term objective is to provide commercial and government customers advanced seamless wireless broadband capabilities and surveillance sensor suites utilizing a state of the art High Altitude Airship technology. Building upon this high altitude technology, Our near term goal is to penetrate the military/government use market for low to mid altitude unmanned airships

Our main products are airships, which provide a platform to transmit wireless capabilities from air to ground.

The High Altitude class of prospective airships are generally referred to as HAAs (High Altitude Airships) but have also been called HAPs and HALEs (High Altitude Platforms, High Altitude Long Endurance). They are being designed to be able to keep a station in one location in the Stratosphere, at approximately 65,000 ft for durations of 30 days or more. 65,000 ft is the sweet spot in the stratosphere for optimal wind conditions to keep station using the least amount of power.

STRATELLITE™

Our HAA is the STRATELLITE™, so named because they offer the functionality of a satellite in the stratosphere. This class of airship will consist of several models to suit various purposes. STRATELLITES™ were conceived to help solve infrastructure issues that plague many parts of the world, including the so called "last mile" (building expensive ground based infrastructure for very low density areas) issues. The STRATELLITE™ can bring a full range of telecommunications or broadcasting capabilities to any area of the world, accessible to people with customer premise equipment that is inexpensive and available.

The Stratellite™ is a high altitude long endurance airship intended to populate “near space” with telecommunications capability. A presence in near space with high tech sensors and communications suites offers enormous potential for both commercial and government applications. Whether hovering at 65,000 feet or flying a variety of mission profiles, the Stratellite offers many of the features of satellites with cost savings, refurbishment ability, and opportunity for regular system upgrades.

There is a great need for information-transmission in the future performed by High Altitude Platforms in various fields;

- mobile broadband communications

- emergencies, use in disaster areas
- marine radio service
- new traffic engineering systems
- weather observation
- water surveillance (pollution)
- ozone and smog monitoring
- radiation monitoring (UV and radioactive)
- astronomic and terrestrial observation
- documentation of conditions in the upper atmosphere
- border control, coast surveillance
- private communication services like e.g. cellular phones
- transmission of radio- and television programmers etc.

SANSWIRE-TAO

Sanswire first entered into an agreement with TAO Technologies in 2005. At that time, TAO provided engineering support to the efforts of Sanswire Networks, LLC then working out of facilities in California. In September 2007, Sanswire entered into a letter of intent with TAO Technologies GmbH, a German company specializing in the design of remotely operated airships. Sanswire had been working with TAO since 2005. Pursuant to the letter of intent Sanswire will purchase 50% of TAO, and TAO will be renamed Sanswire-TAO GmbH. The Company will be focused on the design, development and production of unmanned aerial vehicles. It is expected that Sanswire-TAO will be based chiefly in Stuttgart. The acquisition of 50% of TAO follows the October 2005 development agreement between Sanswire and TAO that resulted in the construction and testing of the Sanswire 2A.

The letter of intent calls for TAO and Sanswire to share sales and marketing rights of various aerial vehicles developed and currently owned by TAO. Additionally, upon closing of definitive agreements, TAO will grant to Sanswire-TAO the respective patents and intellectual property rights covering the products, including the AirChain segmented airship.

In November 2007, the Company entered into a Licensing and Technical Cooperation Agreement with TAO. TAO granted to Sanswire an exclusive license for the territories of the US, Canada, Mexico and Chile for the marketing and distribution of airships based upon the technologies patented and developed by TAO. TAO will also provide testing and engineering support for the development of airships to meet the criteria required by Sanswire customers. Sanswire is obligated to provide TAO with engineering orders of at least $1,000,000 per year and certain cash and stock payments on a quarterly basis.

On June 3, 2008 Sanswire and TAO entered into an agreement to form a 50/50 US based joint venture to place, among other things, the rights to the TAO intellectual property in US, Canada, and Mexico into the US based JV company to be called Sanswire-TAO. This integration of Sanswire and Stuttgart, Germany-based TAO Technologies Gmbh took place to create various strategic advantages for both companies. Each group entered the relationship with synergistic, yet very distinct core competencies. Sanswire's business development, its inroads into the U.S. Government review process as well as inroads into overseas markets and other marketing resources complement TAO's vast airship product research and development ability.

The Sanswire-TAO research and development efforts are centered in Stuttgart, taking advantage of the relationship between TAO and the University of Stuttgart. This relationship provides cost-effective access to aerospace testing facilities including wind tunnels, environmental test chambers, structural testing devices, computer aided design and a legion of aerospace and physics professionals along with their more than 10 years of solar powered airship experience. The Sanswire-TAO joint venture provides the following:

(1) Multiple Airship Platforms – Ranging from short range low altitude platforms to Stratospheric solutions.
(2) Access to Resources – Through contractual relationships with world-renowned universities, including their hometown University of Stuttgart.

(3) Research and Development – More than a decade of knowledge and experience resulting from significant data gathered from vital airship testing.
(4) Proprietary Systems – Custom developed systems from the design and modeling of airships to specialized flight control systems.
(5) Intellectual Property – Patented designs and concepts providing worldwide protection.
(6) Constructed Airships – Several platforms built for demonstrations
(7) Testing Facilities – Including aerospace laboratories, assembly and storage hangars, wind tunnels, certified launch and flight facilities, and certified manufacturing and production facilities.

Competitive Business Conditions

We are aware of other companies that are also developing high altitude platforms similar in nature to our Stratellite project. Our competitors, though, may have more resources available to develop their respective products. Furthermore, since the airship projects are currently in the development stage, there can be no assurance that the project will successfully complete the development stage and result in a commercially viable product. Even if a properly functioning, commercially viable product is established there can be no assurance that revenues will be achieved from the sales of Stratellites or other airships or that the costs to produce such revenues will not exceed the revenues or that the project will otherwise be profitable. There can be no assurance that we will be able to successfully achieve the results we anticipate with this project.

Sources and Availability of Hardware and Software

Equipment for the Stratellite, SAS-51 and the prototypes thereof are custom made for those products and are dependent upon either single or limited number of suppliers for certain goods. Failure of a supplier could cause significant delays in delivery of the airships if another supplier cannot be promptly found.

Sources and Availability of Technical Knowledge and Component Parts

The Sanswire project requires a high level of technological knowledge and adequately functioning component parts and sub-assemblies to continue the project and achieve commercial viability. We have current and contemplated arrangements for supply of both internal and external technical knowledge to provide the intellectual capital to continue with this project. Specifically, there is a high level of interest and anticipated cooperation from technical experts within the government, military, and commercial sectors. Similarly, we have current and contemplated arrangements for supply required component parts, both internally developed, as well as, outsourced from specialty contractors to provide component parts to continue with this project in the near term.

Dependence on a Few Customers

As discussed below in Item 6, Management Discussion and Analysis and Plan of Operation, we are currently dependent on a limited number of customers. As we expand our products, services, and markets, we expect to substantially broaden our customer base and reduce our dependence upon just a few customers. However, there is no guarantee that we will be able to broaden our customer base.

Trademarks

We have filed for registration of the names "Stratellite" and "Sanswire" under the Madrid Protocol (that includes the United States) and in many non-Madrid Protocol countries

We intend to file for patents covering unique design and intellectual property covering the design and engineering of the Stratellite, but will wait until these are finalized. We have additionally entered into an agreement with TAO

Technologies GmbH, with whom Sanswire has collaborated since 2005. This agreement provides exclusive licensing and patent rights for TAO's airship technologies and allows Sanswire to register the TAO patents in the United States.

Regulatory Matters

The export of the Stratellite or SkySat may be subject to United States State Department restrictions on the transfer of technology. We are currently investigating whether or not the export of the Sanswire products would require export licenses and how the production of these vehicles in Germany through our agreement with TAO Technologies, GmbH would impact this.

During 2007, Sanswire and its subsidiaries incurred payroll tax liability during the normal course of business at each payroll cycle. The Company submitted certain withholding tax payments during the first quarter through a payroll processor, ADP. Subsequent thereto, the Company no longer processed its payroll through ADP. During this time, the Company did not file the appropriate tax forms or deposit the appropriate withholding amounts. The Company has recognized this issue and contacted the IRS accordingly to bring its filings up-to-date and pay any taxes due. The Company may be subject to penalties and interest from the IRS.

Number of Total Employees and Number of Full-Time Employees

As of September 1, 2008 we have 6 full-time employees, including our executive officers and employees of our subsidiaries. We do not believe that we will have difficulty in hiring and retaining qualified individuals for our general operations and any technical personnel required for the aerospace projects will primarily be hired overseas to work with the existing TAO personnel.

ITEM 2. DESCRIPTION OF PROPERTY

Sanswire's corporate offices are now located at 101 NE 3rd Ave., Suite 1500, Fort Lauderdale, FL 33301. Base rent is $1,486 per month plus the cost of services used by Sanswire. The lease is for a period of 6 months.

The Company previously leased office facilities at 9050 Pines Blvd., Suite 110, Pembroke Pines, Florida 33024, as of April 1, 2004. This lease will expire in June 2009, and had a initial monthly rent of $5,462. In November 2004, the Company leased additional adjacent space at the Pembroke Pines, Florida location under the same terms and period as the existing lease, bringing the total monthly rent to $9,186.

In June 2005, we negotiated with the landlord to lease an additional 5,000 square feet office on the second floor of our prior facility, 9050 Pines Blvd., Pembroke Pines, Florida 33024. The Company began occupancy of this office in April 2006 and the lease expires in June 2009 with a monthly rent of $9,186 (including sales tax). The Company vacated the premises in March 2006, having turned over the space as part of the sale of the Stored Value assets. However, there was unpaid rent due on both the first and second floor suites. In August 2007, the landlord received a judgment in the amount of $206,730.

Until September 2007, the Company leased a 66,000 square foot space hanger in Palmdale, California. The initial lease, between Sanswire Networks, LLC and the City of Los Angeles World Airports, was for a term of three months, ended July 22, 2005 with a monthly rent of $19,990. On June 8, 2005 the lease term was amended for fifteen months, commencing June 8, 2005 through September 7, 2006, with two one-year options. Concurrently with the signing of the amended lease, the parties entered into a reimbursement agreement to share the cost of certain improvements.

As of October 2007, Sanswire no longer occupies a hangar at Palmdale Regional Airport, the monthly cost of this space was $20,847. This facility was adjacent to the United States Air Force's Plant 42 and Edwards Air Force Base. Sanswire constructed and tested Stratellite and Sky Sat prototypes at the facility. The hangar also included administrative office space. Sanswire is indebted to Los Angeles World Airports, the lessor of the hangar, in the amount of $161,761.

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ITEM 3. LEGAL PROCEEDINGS

Securities and Exchange Commission

On September 28, 2006, the Company received a formal order of investigation from the SEC. The formal order only named the Company and was not specific to any particular allegations. Through the use of subpoenas, the SEC has requested documentation from certain officers and directors of the Company. In subsequent subpoenas, the SEC has asked for additional documents and information.

On October 5, 2007, Sanswire received a "Wells Notice" from the SEC in connection with the SEC's ongoing investigation of the Company. The Wells Notice provides notification that the staff of the SEC intends to recommend to the Commission that it bring a civil action against the Company for possible violations of the securities laws including violations of Sections 5 and 17(a) of the Securities Act of 1933; Sections 10(b), 13(a), and 13(b)(2)(A) & (B) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder; and seeking as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. The staff is also considering recommending that the SEC authorize and institute proceedings to revoke the registration of Company's securities pursuant to Section 12(j) of the Exchange Act.

On May 2, 2008, the Securities and Exchange Commission ("SEC") filed a lawsuit in the United States District Court for the Southern District of Florida against Sanswire Corp. (the "Company") and three former officers of the Company, Timothy J. Huff, Thomas Y. Jimenez and Lawrence E. Lynch. The SEC alleges, among other things, that the Company recorded $119 million in revenue on the basis of fraudulent invoices created by Joseph Monterosso and Luis Vargas, two individuals formerly employed by the Company who were in charge of its wholesale telecommunications business.

The SEC alleges that the Company violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, as amended, Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 10b-5, 12b-20, 13a-1, 13a-11 and 13a-13 under the Exchange Act. The SEC seeks as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. In response to the Complaint, the Company has filed a motion to dismiss, which motion is still pending before the Court. The Company intends to vigorously defend itself in this action.

Joseph Monterosso

In October 2007 the Company filed a lawsuit in the Circuit Court for Broward County, Florida against Joseph J. Monterosso alleging Libel, Slander and Defamation, Tortuous Interference, Violations of FS § 836.05 (Threats Extortion) and violations of FS §517 (Securities Fraud). Mr. Monterosso has not yet been served with the complaint.

Wachovia v. GlobeTel

In connection with the operations of Globetel Wireless Europe GmbH and the acquisition of Altvater GmbH, the Company guaranteed a letter of credit in the amount of $600,000. Upon Globetel Wireless Europe GmbH ceasing operations, the letter of credit was drawn upon. The letter of credit was not collateralized. In September 2007, Wachovia filed a lawsuit in Broward County in an attempt to recover the amount through arbitration with the American Arbitration Association. On June 2, 2008, the American Arbitration Association awarded Wachovia $762,902.

Richard Stevens v. GlobeTel

The Company and its directors were sued in the case RICHARD STEVENS vs. GLOBETEL COMMUNICATIONS CORP., et al. Case No.: 06-cv 21071. The original allegations of the complaint were that the Company's proposed transaction to build wireless networks in Russia was a sham. The amended complaint alleged that the transaction was not a sham, but that the Company refused to accept payment of $300 million. Recently, the officers and directors with the exception of Timothy Huff have been dismissed from the case.

In February 2008, the Company and the Plaintiff reached a settlement in principle that has been filed with the Court for approval. Under the terms of the proposed settlement agreement in the class action, the Company's D&O insurance carrier will make a cash payment to the class of $2,300,000, less up to $100,000 for potential counsel fees and expenses. All claims in the class action will be dismissed with prejudice. The US District Court for the Southern District of Florida has approved the settlements reached in its pending securities class action and a shareholder derivative action on February 4, 2008.

Derivative Action

On July 10, 2006 a derivative action was filed against the officers and directors of Sanswire alleging that they have not acted in the best interest of the Company or the shareholders and alleged that the transaction to install wireless networks in Russia was a sham. The lawsuit is pending in the Federal District Court for the Southern District of Florida (Civil Case No. 06-60923). The Company believes that the suits are without merit and will vigorously defend against it. The Company has hired outside counsel to defend it in this action. The Company and the Plaintiff have reached an agreement in principle to settle this action and have submitted such settlement with the Court for its approval. Under the terms of the settlement, Company's D&O insurance carrier will pay $60,000 in attorneys' fees to plaintiff's counsel, the Company will implement or maintain certain corporate governance changes, and all claims will be dismissed with prejudice.

Mitchell Siegel v. Globetel

On February 2, 2007, Sanswire was sued in the Circuit Court for Broward County, Florida entitled Mitchell Siegel v. Globetel Communications Corp. , Case no. 0702456 ("the Siegel Lawsuit"). In this action, Siegel sued Sanswire for breach of contract in regards to a Key Executive Employment Agreement. On February 15, 2008, both parties entered into a settlement agreement whereas Mr. Siegel would receive $175,000 worth of stock, payable over 12 months, and 50% of the gross proceeds, up to a total amount of $300,000, received from an October 2006 agreement.

Former Consultants

The Company is a defendant in two lawsuits filed by Matthew Milo and Joseph Quattrocchi, two former consultants, filed in the Supreme Court of the State of New York (Richmond County, Case no. 12119/00 and 12118/00). These matters were subsequently consolidated as a result of an Order of the court and now bear the singular index number 12118/00. The original lawsuits were for breach of contract. The complaint demands the delivery of 10,000,000 pre split shares of ADGI stock to Milo and 10,000,000 to Quattrocchi. Sanswire was entered into the action as ADGI was the predecessor of the Company. The suit also requests an accounting for the sales generated by the consultants and attorneys fees and costs for the action.

The lawsuits relate to consulting services that were provided by Mr. Milo and Mr. Quattrocchi and a $50,000 loan advanced by these individuals, dated May 14, 1997, of which $35,000 has been repaid.

The Company entered into an agreement with Mr. Milo and Mr. Quattrocchi as consultants on June 25, 1998. The agreement was amended on August 15, 1998. On November 30, 1998, both Mr. Milo and Mr. Quattrocchi resigned from their positions as consultants to the Company without fulfilling all of their obligations under their consulting agreement. The Company issued 3 million pre split shares each to Mr. Milo and Mr. Quattrocchi as consideration under the consulting agreement. The Company has taken the position that Mr. Milo and Mr. Quattrocchi received compensation in excess of the value of the services that they provided and the amounts that they advanced as loans.

Mr. Milo and Mr. Quattrocchi disagreed with the Company's position and commenced action against us that is pending in the Supreme Court of the State of New York. Mr. Milo and Mr. Quattrocchi claim that they are entitled to an additional 24,526,000 pre split shares of common stock as damages under the consulting agreement and to the repayment of the loan balance. The Company believes that it has meritorious defenses to the Milo and Quattrocchi action, and the Company has counterclaims against Mr. Milo and Mr. Quattrocchi.

With regard to the issues related to original index number 12119/00, as a result of a summary judgment motion, the plaintiffs were granted a judgment in the sum of $15,000. The rest of the plaintiff's motion was denied. The court did not order the delivery of 24,526,000 pre split shares of ADGI common stock as the decision on that would be reserved to time of trial.

An Answer and Counterclaim had been interposed on both of these actions. The Answer denies many of the allegations in the complaint and is comprised of eleven affirmative defenses and five counterclaims alleging damages in the sum of $1,000,000. The counterclaims in various forms involve breach of contract and breach of fiduciary duty by the plaintiffs.

For the most part, the summary judgment motions that plaintiffs brought clearly stated their theories of recovery and the documents that they will rely on in prosecuting the action. The case was assigned to a judicial hearing officer and there was one week of trial. The trial has been since adjourned with no further trial dates having been set.

It is still difficult to evaluate the likelihood of an unfavorable outcome at this time in light of the fact that there has been no testimony with regard to the actions. However, the plaintiffs have prevailed with regard to their claim of $15,000 as a result of the lawsuit bearing the original index Number 12119/00.

This case went before a Judicial Hearing Officer on July 6 and 7, 2006. No resolution occurred during the July hearing and the Judicial Hearing Officer has asked for written statements of facts and law. The outcome cannot be projected with any certainty. However, the Company does not believe that it will be materially adversely affected by the outcome of the proceeding. The Company has not been informed of any further developments since the hearing.

Trimax Wireless

On July 3, 2007 Sanswire filed suit against its former employee Ulrich Altvater and his company Trimax Wireless seeking the return of certain equipment held at the former GlobeTel Wireless offices and for the return of $175,000 lent to Altvater by the Company. The replevin action against Trimax was dismissed on the basis of venue and the Company intends to refile the suit with regard to Trimax in Collier County, Florida.

On July 12, 2007, the Company terminated its agreement with Mr. Altvater and his company, Trimax Wireless, Inc.

In August 2007, Altvater and Trimax filed suit against Sanswire alleging, defamation, conversion, breach of contract and seeking injunctive relief. Sanswire successfully moved to have the two cases consolidated and has filed a Motion to Dismiss this suit. The Company intends to vigorously defend this suit, but no assurance can be given about the outcome of the litigation.

American Express

American Express Travel Related Services Company, Inc. has filed a lawsuit against Sanswire and Sanswire Networks LLC (CASE NO: CACE 08-013239, Broward County Florida), seeking to recover a total of $394,919 for unpaid charges on the Companies' corporate purchasing account. The Company intends to vigorously defend itself in this action.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters brought to a vote of security holders in 2007.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(a) MARKET PRICE

In October 2006, our stock was delisted from the American Stock Exchange and began trading on the Pink Sheets under the symbol “GTEM”. From October 2006 to October 2008 our shares of common stock have been quoted on the Pink Sheets quotation system under the symbol “GTEM." Effective October 8, 2008 our shares of common stock have been quoted on the Pink Sheets quotation system under the symbol “SNSR."

The following information sets forth the high and low bid price of our common stock during fiscal 2006, and 2007 and was obtained from the National Quotation Bureau. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

		HIGH		LOW
CALENDAR 2006				
Quarter Ended March 31	$	3.92	$	2.48
Quarter Ended June 30	$	2.30	$	1.07
Quarter Ended September 30	$	1.21	$	0.41
Quarter Ended December 31	$	0.62	$	0.25
CALENDAR 2007				
Quarter Ended March 31	$	0.52	$	0.24
Quarter Ended June 30	$	0.32	$	0.18
Quarter Ended September 30	$	0.26	$	0.08
Quarter Ended December 31	$	0.04	$	0.16

(b) HOLDERS

As of the date of this report, there were approximately 600 registered holders of our common stock.

(c) DIVIDENDS

The Company has never paid a dividend and does not anticipate that any dividends will be paid in the foreseeable future.

(d) SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the information indicated with respect to our compensation plans as of December 31, 2007, under which our common stock is authorized for issuance.

	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	28,705,170	$	0.60	—
Equity compensation plans not approved by security holders	—		—	—
Total	28,705,170	$	0.60	—

In December 2004, we established our 2004 Stock Option Bonus Plan, wherein the board of directors authorized the issuance of stock options totaling 1,765,833 shares to the officers and employees of the Company as payment of accrued bonuses through December 31, 2004. The stock options are exercisable at the lower of $.675 per share or 50% of the closing market price at the date of exercise.

In December 2004, the board of directors authorized the issuance of stock options totaling 247,886 shares to the directors of the Company as payment of accrued board members' stipends through December 31, 2004. The stock options are exercisable at the lower of $.5865 per share or 50% of the closing market price on date of exercise.

In January 2005, the option holders exercised their rights to convert a portion of the stock options pursuant to the Officers Stock Grant Plan, the 2004 Stock Option Bonus Plan, and the options for accrued directors' stipends into common stock at $.675, and, as a result, we issued 2,000,000 shares of common stock in January 2005, in accordance with the stock option agreements.

In November 2005, the Company established its 2005 Stock Option Bonus Plan, wherein the board of directors authorized the issuance of stock options for restricted shares totaling 1,509,180 shares to the officers and employees of the Company as payment of accrued bonuses through December 31, 2005. The stock options are exercisable at $2.12, based on the closing market price of the Company's free-trading shares on the date the options were granted. Through the date of this report, none of these options have been exercised.

During 2005, the board of directors authorized the issuance of stock options for restricted shares totaling 199,490 shares to the directors of the Company as board members’ compensation for services through December 31, 2005. The stock options are exercisable at various amounts, ranging from $1.99 to $4.35 per share, based on the closing market price of the Company's free-trading shares on the date the options were granted, except for a now former director who was issued 37,500 and 30,000 options shares at $1.49 and $0.99, respectively. Through the date of this report, none of these options have been exercised.

During 2006, the board of directors authorized the issuance of stock options for restricted shares totaling 2,003,215 shares to the directors of the Company as board members’ compensation for services through December 31, 2006. The stock options are exercisable at various amounts, ranging from $1.21 to $2.30 per share, based on the closing market price of the Company's free-trading shares on the date the options were granted.

In addition to the above parties, the Corporate Secretary / General Counsel and the Senior Vice-President were awarded .75% and 2%, respectively, of the total shares outstanding, at the fair market value of the Company's stock on the date the options were granted. Also, a board member, Randolph Dumas, was awarded 2.5% of the total shares outstanding, exercisable at $1.79 per share. A total of 13,992,374 and 6,654, options shares were granted for 2005.

2004 STOCK OPTIONS EXERCISED IN 2005

During 2005, a total of 1,785,490 of stock options shares were exercised and issued (net of shares used to pay for "cashless" options"), with payment in cash and common stock subscriptions receivable totaling $92,906, pursuant to the 2004 Stock Option Bonus Plan, the Officers' Stock Option Grant Plan, and for accrued board members' stipends, and, furthermore, these shares were registered by the Company's filing a Form S-8 registration statement. The number of shares registered were allocated to the individuals exercising the options based a ratio of the number of options held by each individual to the total number of options held by all individuals.

In addition, certain employees, vendors, professionals and consultants were paid with common stock (see Note 10 to financial statements) and with stock options (see Note 11 to financial statements) and certain investment banking and broker's fees were paid with preferred stock (see Note 12 to financial statements) in lieu of cash compensation.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

GENERAL

Twelve months ended December 31, 2007 ("Fiscal 2007" or "2007" or "the current year") compared to twelve months ended December 31, 2006 ("Fiscal 2006" or "2006" or "the prior year").

RESULTS OF OPERATIONS

REVENUES. During fiscal 2007, our gross sales were $53,754, representing a increase of 42.2% over the prior year when our gross sales were $37,808. Our revenues increased primarily due to an increase in revenues from network management fees.

COST OF SALES. Our cost of sales consists primarily of the wholesale cost network bandwidth. During fiscal 2007, we had cost of sales of $15,529 representing a decrease of 83.9% from $96,168 for fiscal 2006.

GROSS MARGIN (LOSS). Our gross margin was $38,225 or 71.1% for fiscal 2007, compared to our gross loss of $58,360 or 254% for fiscal 2006, an increase of $96,585 or 165.5%. The increase is primarily due to the higher margin achieved for the network management revenue due to diminishing bandwidth costs.

OPERATING EXPENSES. Our operating expenses consist primarily of payroll and related taxes, professional and consulting services, expenses for executive and administrative personnel and insurance, bad debts, investment banking and financing fees, investor and public relations, research and development, sales commissions, telephone and communications, facilities expenses, travel and related expenses, and other general corporate expenses. Our operating expenses for fiscal 2007 were $7,496,801 compared to fiscal year 2006 operating expenses of $13,158,474 an decrease of $5,661,673 or 43%.

The decrease is primarily due to a decrease in officers' and directors' compensation to $696,790 (including non-cash compensation), from $1,931,774 in the prior year.

In addition, employee payroll and related taxes for fiscal 2007 were $3,611,596 compared to $3,916,409, a decrease of $304,813 or 7.8%. This decrease was due to a reduction of our operations, facilities and workforce during 2007.

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During 2007, Sanswire and its subsidiaries incurred payroll tax liability during the normal course of business at each payroll cycle. The Company submitted certain withholding tax payments during the first and second quarters through a payroll processor, ADP. Subsequent thereto, the Company no longer processed its payroll through ADP. The Company did not file the appropriate tax forms until 2008 and has failed to deposit the appropriate withholding amounts. The Company has recognized this issue and contacted the IRS accordingly to make arrangement to pay any taxes due, which is currently estimated to be at least $150,000. The Company may be subject to penalties and interest from the IRS.

We incurred $1,635,303 of consulting fees, an increase of $1,012,084 or 162.4% for 2007 compared to $623,219 in 2006. This increase is primarily related to additional services required to develop and expand our geographical and product markets and projects in Mexico that was $550,000 in stock compensation, as well as increased professional fees in maintaining and expanding a public company, which included the fees related to the accounting department.

We received a $14,856 of research and development refund for our Sanswire project during 2007, compared to $1,573,150 during 2006, a decrease of $1,588,006 or 100.9%. During 2007, there were no direct expenses for development and building of the airship, as compared to $1,573,150 of direct expenses during 2006. This is due mainly to the fact that Company had no capital available to further the development. The Company believes that further development will increase during 2008 and thus associated expenses are expected to increase for 2008.

During 2007, we incurred $1,567,968 of general and administrative expenses as compared to $4,730,437 during 2006. The $3,162,469 decrease was due to a reduction expenses related to our operations, facilities and workforce during 2007.

During 2007, we incurred no depreciation expenses as compared to $289,914 during 2006. All the companies assets were impaired, sold or written down during 2006 leaving no assets to be depreciated.

LOSS FROM OPERATIONS. We had an operating loss of ($7,458,576) for fiscal year 2007 as compared to an operating loss of ($13,216,834) for fiscal 2006, primarily due to decreased operating expenses as described above, including lower operating costs and reductions of our various programs.

OTHER INCOME (EXPENSE). We had net other expenses totaling ($2,228,096) during fiscal year 2007 compared to ($6,484,551) during fiscal 2006. This variance was due primarily to the impairment of assets related to the Stored Value assets of ($5,222,066) and the write-off of other assets of ($682,695) in 2006.

Interest expense for fiscal year 2007 was $2,482,296 compared to $579,790 for the prior year. Interest expense increase was primarily due to noncash financing charges associated with the Company's convertible debentures as well as the accrual of interest associated with its unsecured notes.

LOSS FROM DISCONTINUED OPERATIONS. During 2007 we had a loss of ($1,918,806) related to our discontinued operations compared to ($7,566,882) during fiscal year 2006. See note 2 in the financial statements for more information regarding the discontinued operations.

NET LOSS. We had a net loss of ($11,605,478) in fiscal year 2007 compared to a net loss of ($27,268,267) in fiscal 2006. The decrease in net loss is primarily attributable to the decrease in the operating expenses as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

ASSETS. At December 31, 2007, we had total assets of $441,956 compared to total assets of $508,905 as of December 31, 2006.

The current assets at December 31, 2007, were $50,956 compared to $454,525 at December 31, 2006. As of December 31, 2007, we had $32,278 of cash and cash equivalents compared to $4,243 at December 31, 2006.

The Company had deposits of $391,000 as of December 31, 2007 compared to $72,987 as of December 31, 2006. The $391,000 relates to payments toward an agreement reached in May 2008 for the intellectual property of TAO Technologies. During 2007, a rental deposit for Los Angeles World Airport related to the Palmdale Hanger occupied by Sanswire Networks, LLC in the amount of $72,000 was used to pay rent obligations on the Palmdale Hangar that is no longer occupied by Sanswire.

During 2007 our accounts receivable, which consisted of a reimbursement check from our insurance provider, of $271,262 as of December 31, 2006 was received leaving no accounts receivable as of December 31, 2007.

We had $18,678 of current assets from discontinued operations as of December 31, 2007 as compared to $106,033 at December 31, 2006. We also had no other assets from discontinued operations as of December 31, 2006 as compared to $54,380 at December 31, 2005. See note 3 in the financial statements for more information regarding the discontinued operations.

LIABILITIES. At December 31, 2007, we had total liabilities of $13,666,678 compared to total liabilities of $14,694,994 as of December 31, 2006.

The current liabilities at December 31, 2007 were $13,666,678 compared to $10,096,661 at December 31, 2006, an increase of $2,807,115. The increase is principally due to the current portion of payments due on the notes payable for $6,262,598 (see note 6 of the financial statements), the increase in accounts payable of $692,117, and the increase in accrued salaries and payroll taxes of $607,258.

The Company had no long-term liabilities as of December 31, 2007 compared to $4,598,333 in 2006 due to stock being issued in 2007 as contemplated for the long term portion of the due to a related party - Hotzone Wireless as well as for the debt owed to its former employee.

CASH FLOWS. Our cash used in operating activities was $2,286,113 compared to $14,140,328 for the prior year. The decrease was primarily due to the decreased level of operations and operating activities and changes in our current assets and liabilities.

During 2007 there was $372,500 used in investing activities of which $130,000 was used as a deposit for the Sanswire-Tao joint venture and $242,500 from its discontinued operations compared to $255,182 in the prior year which was mainly attributed to cash payments made towards the purchase additional equipment.

Net cash provided by financing activities was $2,686,648 principally from the exercise of warrants and the conversion of notes and loan payables totaling $2,701,312, as compared to $13,333,803 in the prior year.

In April 2007, we received approximately $750,000 from the exercise of warrants by certain investors. With this funding, we will still require additional capital resources to fund our operations and capital requirements as presently planned over the next twelve months.

Throughout 2007 and continuing into 2008, the Company has been dependent upon monthly funding from its existing debt holders. Funding decisions have typically not extended beyond thirty days at any given time, and the Company does not currently have a defined funding source. Funding delays and uncertainties have seriously damaged vendor relationships, new product development and revenues. In the absence of continued monthly funding by its current debt holders, the Company would have insufficient funds to continue operations. There is no assurance that additional funding from the current debt holders will be available or available on terms and conditions acceptable to the Company.

During 2008, the Company has subsequently raised approximately $690,000 from investors; however this is not adequate funding to cover the estimated working capital deficit of approximately $8 million or the net loss for 2007 of approximately $11 million.

As reflected in the accompanying financial statements, during the year ended December 31, 2007 we had a net loss of ($11,605,478) compared to a net loss of ($27,268,267) during 2006. Consequently, there is an accumulated deficit of ($120,395,726) at December 31, 2007 compared to ($108,790,248) at December 31, 2006.

CRITICAL ACCOUNTING POLICIES

ACCOUNTS RECEIVABLE

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. As of December 31, 2006, the accounts receivable consists of a reimbursement from the Company's Directors and Officers insurance for legal and accounting expenses that were paid above the Company's deductible which was received in August 2007.

REGISTRATION RIGHTS

In connection with the sale of debt or equity instruments, we may enter into Registration Rights Agreements. Generally, these Agreements require us to file registration statements with the Securities and Exchange Commission to register common shares that may be issued on conversion of debt or preferred stock, to permit re-sale of common shares previously sold under an exemption from registration or to register common shares that may be issued on exercise of outstanding options or warrants.

These Agreements usually require us to pay penalties for any time delay in filing the required registration statements, or in the registration statements becoming effective, beyond dates specified in the Agreement. These penalties are usually expressed as a fixed percentage, per month, of the original amount we received on issuance of the debt or preferred stock, common shares, options or warrants. We account for these penalties as a contingent liability and not as a derivative instrument.

REVENUE RECOGNITION

Revenues for voice, data, and other services to end-users are recognized in the month in which the service is provided. Amounts invoiced and collected in advance of services provided are recorded as deferred revenue. Revenues for carrier interconnection and access are recognized in the month in which the service is provided.

Sales of telecommunications networks are recognized when the networks are delivered and accepted by the customer. Sales of computer hardware, equipment, and installation are recognized when products are shipped to customers. Provisions for estimated returns and allowances are provided for in the same period the related sales are recorded. Revenues on service contracts are recognized ratably over applicable contract periods. Amounts billed and collected before services are performed are included in deferred revenues.

USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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STOCK-BASED COMPENSATION

On January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment* , which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors based on estimated fair values. SFAS No. 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees* . In March 2005, the Securities and Exchange Commission issued SAB No. 107, *Share-Based Payment* , relating to SFAS No. 123(R). The Company has applied applicable provisions of SAB No. 107 in its adoption of SFAS No. 123(R).

The Company adopted SFAS No. 123(R) using the prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of its year ended December 31, 2006. In accordance with this transition method, the Company's consolidated financial statements for prior periods have not been restated to reflect, and do not include the impact of, SFAS No. 123(R). The Company's consolidated financial statements for the year ended December 31, 2007 and 2006 reflect the impact of SFAS No. 123(R). Upon adopting SFAS No. 123(R), for awards with service conditions and graded-vesting, a one-time election was made to recognize stock-based compensation expense on a straight-line basis over the requisite service period for the entire award.

Stock-based compensation expense recognized under SFAS No. 123(R) for the years ended December 31, 2007 and 2006 were $1,667,107 and $321,729, respectively.

The Company's determination of fair value of share-based payment awards to employees and directors on the date of grant uses the Black-Scholes model, which is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to our expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. Forfeitures are recognized as incurred.

The Company accounts for stock option and warrant grants issued to non-employees for goods and services using the guidance of SFAS No. 123 and Emerging Issues Task Force ("EITF") No. 96-18: "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," whereby the fair value of such option and warrant grants is determined using the Black-Scholes option pricing model at the earlier of the date at which the non-employee's performance is completed or a performance commitment is reached.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

SFAS No. 157, Fair Value Measurements (SFAS No. 157)

In September 2006, the FASB issued SFAS No. 157. This Statement defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value in GAAP and expands disclosure related to the use of fair value measures in financial statements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but standardizes its definition and guidance in GAAP. The Standard emphasizes that fair value is a market-based measurement and not an entity-specific measurement based on an exchange transaction in which the entity sells an asset or transfers a liability (exit price). SFAS No. 157 establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. SFAS No. 157 is to be effective for its financial statements issued in 2008. The Company believes that SFAS No. 157 will not have a material impact on its consolidated financial statements.

***SFAS No. 159,* The Fair Value Option of Financial Assets and Financial Liabilities (SFAS No. 159)**

In February 2007, the FASB issued SFAS No. 159. *The Fair Value Option of Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 provides an option to report selected financial assets and financial liabilities using fair value. The standard establishes required presentation and disclosures to facilitate comparisons with companies that use different measurements for similar assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, with early adoption allowed if SFAS No. 157 is also adopted. The Company is currently evaluating the impact of adopting SFAS No. 159 on its consolidated financial statements.

SFAS No. 141 (R), ***Business Combinations (SFAS No. 141R)*** **and SFAS No. 160,** ***Non-controlling Interests in Consolidated Financial Statements (SFAS No. 160)***

In December 2007, the FASB issued SFAS No. 141R, Business Combinations, and SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements. SFAS No. 141R requires an acquirer to measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated financial statement. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141R and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company has not yet determined the effect on our financial statements, if any, upon adoption of SFAS No. 141R or SFAS No. 160.

SFAS No. 161, ***Disclosures about Derivative Instruments and Hedging Activities (SFAS No. 161)***

In March 2008, the FASB issued FASB Statement No. 161, “Disclosures about Derivative Instruments and Hedging Activities”. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. FAS 161 is effective for the Company in fiscal 2010.

Management does not believe that there are any recently-issued, but not yet effective accounting pronouncements, which could have a material effect on the accompanying condensed consolidated financial statements

ITEM 7. FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of:
Sanswire Corp. (formerly known as Globetel Communications Corp.) and Subsidiaries

We have audited the accompanying consolidated balance sheets of Sanswire Corp. (formerly known as Globetel Communications Corp.) and Subsidiaries (the "Company"), as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' deficits, and cash flows for the years then ended. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

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

We were not engaged to examine management's assertion about the effectiveness of Sanswire Corp. (formerly known as Globetel Communications Corp.) and Subsidiaries' internal control over financial reporting as of December 31, 2007 and 2006 included in the Company's Item 8A "Controls and Procedures" in the Annual Report on Form 10-KSB and, accordingly, we do not express an opinion thereon.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sanswire Corp. (formerly known as Globetel Communications Corp.) and Subsidiaries as of December 31, 2007 and 2006 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has experienced net losses and negative cash flows from operations and expects such losses to continue. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 1, on May 2, 2008, the Securities and Exchange Commission ("SEC") filed a lawsuit in the United States District Court for the Southern District of Florida against GlobeTel Communications Corp. (the "Company") and three former officers of the Company, Timothy J. Huff, Thomas Y. Jimenez and Lawrence E. Lynch. The SEC alleges, among other things, that the Company recorded $119 million in revenue on the basis of fraudulent invoices created by Joseph Monterosso and Luis Vargas, two individuals formerly employed by the Company who were in charge of its wholesale telecommunications business. The SEC alleges that the Company violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, as amended, Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 10b-5, 12b-20, 13a-1, 13a-11 and 13a-13 under the Exchange Act. The SEC seeks as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. The Company has advised that it intends to vigorously defend itself in this action. The SEC lawsuit states that the staff is also considering recommending that the SEC authorize and institute proceedings to revoke the registration of Company's securities pursuant to Section 12(j) of the Exchange Act. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Weinberg & Company, P.A.

Boca Raton, Florida
September 18, 2008

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**SANSWIRE CORP. (FORMERLY GLOBETEL COMMUNICATIONS CORP.)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	DECEMBER 31, 2007	DECEMBER 31, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 32,278	$ 4,243
Accounts receivable	—	271,262
Deposits	—	72,987
Current assets from discontinued operations	18,678	106,033
TOTAL CURRENT ASSETS	50,956	454,525
Deposits	391,000	—
Other assets from discontinued operations	—	54,380
TOTAL NONCURRENT ASSETS	391,000	54,380
TOTAL ASSETS	$ 441,956	$ 508,905
LIABILITIES AND STOCKHOLDERS' DEFICIT		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 3,155,722	$ 2,463,605
Notes and convertible notes payable, net of discount of $1,257,364 and $882,128	8,056,220	6,262,598
Bank Overdraft	—	14,664
Accrued expenses and other liabilities	1,067,355	460,097
Current liabilities from discontinued operations	1,387,381	895,697
TOTAL CURRENT LIABILITIES	13,666,678	10,096,661
LONG-TERM LIABILITIES		
Due to related party payable in stock	—	4,598,333
TOTAL LONG-TERM LIABILITIES	—	4,598,333
TOTAL LIABILITIES	13,666,678	14,694,994
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Series A Preferred stock, $.001 par value, 250,000 shares authorized; no shares issued and outstanding:	—	—
Series B Preferred stock, $.001 par value, 500,000 shares authorized; no shares issued and outstanding:	—	—
Series C Preferred stock, $.001 par value, 5,000 shares authorized; no shares issued and outstanding:	—	—
Series D Preferred stock, $.001 par value, 5,000 shares authorized; no shares issued and outstanding:	—	—
Common stock, $.00001 par value, 250,000,000 shares authorized; 129,756,897 and 109,470,803 shares issued and outstanding	1,299	1,095
Additional paid-in capital	107,169,705	94,733,346
Stock subscriptions receivable - Common Stock	—	(130,282)

Accumulated deficit		(120,395,726)		(108,790,248)
TOTAL STOCKHOLDERS' DEFICIT		(13,224,722)		(14,186,089)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	441,956	$	508,905

See accompanying notes to consolidated financial statements

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SANSWIRE CORP. (FORMERLY GLOBETEL COMMUNICATIONS CORP.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2007	2006
REVENUES	$ 53,754	$ 37,808
COST OF REVENUES	15,529	96,168
GROSS MARGIN (LOSS)	38,225	(58,360)
EXPENSES		
Payroll and related taxes	3,611,596	3,916,409
Consulting fees	1,635,303	623,219
Officers' and directors' compensation	696,790	1,931,774
Bad debts	—	93,571
Research and development	(14,856)	1,573,150
General and administrative	1,567,968	4,730,437
Depreciation and amortization	—	289,914
TOTAL EXPENSES	7,496,801	13,158,474
LOSS FROM OPERATIONS	(7,458,576)	(13,216,834)
OTHER INCOME (EXPENSE)		
Gain on extinguishment of debt	254,200	—
Loss on disposition of equipment	—	(682,695)
Loss on impairment of equipment	—	(5,222,066)
Interest expense, net	(2,482,296)	(579,790)
NET OTHER EXPENSE	(2,228,096)	(6,484,551)
LOSS FROM CONTINUING OPERATIONS	(9,686,672)	(19,701,385)
LOSS FROM DISCONTINUED OPERATIONS	(1,918,806)	(7,566,882)
NET LOSS	$ (11,605,478)	$ (27,268,267)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
BASIC and DILUTED	121,171,392	105,643,655
LOSS PER SHARE FROM CONTINUING OPERATIONS		
BASIC and DILUTED	($ 0.08)	($ 0.19)
LOSS PER SHARE FROM DISCONTINUED OPERATIONS		
BASIC and DILUTED	($ 0.02)	($ 0.07)
NET LOSS PER SHARE		
BASIC and DILUTED	($ 010)	($ 0.26)

See accompanying notes to consolidated financial statements

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SANSWIRE CORP. (FORMERLY GLOBETEL COMMUNICATIONS CORP.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	COMMON STOCK			
Description	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	STOCK SUBSCRIPTIONS RECEIVABLE
BALANCE, DECEMBER 31, 2005 (restated)	98,192,102	$ 982	$ 81,570,082	$ (44,494)
Shares issued for options exercised	1,953,830	20	446,517	(85,788)
Shares issued for services	520,965	5	321,724	—
Shares issued for settlement of debt obligations	909,967	9	3,214,826	—
Shares issued for cash	5,727,272	57	6,341,091	—
Shares issued for conversion of Preferred Series D shares	1,166,667	12	499,988	—
Shares issued for Preferred Series C shares	1,000,000	10	(10)	—
Options issued for board member stipends	—	—	586,995	—
Options issued for executive compensation	—	—	472,133	—
Warrants issued with convertible notes	—	—	655,131	—
Beneficial conversion feature with convertible notes	—	—	624,869	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2006	109,470,803	$ 1,095	$ 94,733,346	$ (130,282)
Shares issued for cash	3,750,000	38	749,962	—
Shares issued for services	6,824,920	68	1,667,039	—
Shares issued for settlement of debt obligations	1,333,333	13	4,598,320	—
Shares issued related to discontinued operations	4,001,599	41	1,056,438	—
Shares issued for interest and financing costs	1,572,951	16	557,616	—
Shares issued for conversion of notes	939,005	9	98,556	—
Shares issued for deposit	1,864,286	19	260,981	—
Writedown of receivable related to options	—	—	(130,282)	130,282
Options issued for executive compensation	—	—	1,922,992	—
Change of fair value of warrants	—	—	421,737	—
	—	—	1,233,000	—

Warrants issued for and beneficial conversion feature for convertible notes							
Net loss	—		—		—		—
BALANCE, DECEMBER 31, 2007	129,756,897	$	1,299	$	107,169,705	$	—

See accompanying notes to consolidated financial statements

Description	SHARES	AMOUNT	SERIES A ADDITIONAL PAID-IN CAPITAL	STOCK SUBSCRIPTIONS RECEIVABLE
BALANCE, DECEMBER 31, 2005 (restated)	—	$ —	$ —	$ —
Shares issued for options exercised	—	—	—	—
Shares issued for services	—	—	—	—
Shares issued for settlement of debt obligations	—	—	—	—
Shares issued for cash	—	—	—	—
Shares issued for conversion of Preferred Series D shares	—	—	—	—
Shares issued for Preferred Series C shares	—	—	—	—
Options issued for board member stipends	—	—	—	—
Options issued for executive compensation	—	—	—	—
Warrants issued with convertible notes	—	—	—	—
Beneficial conversion feature with convertible notes	—	—	—	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2006	—	$ —	$ —	$ —
Shares issued for cash	—	—	—	—
Shares issued for services	—	—	—	—
Shares issued for settlement of debt obligations	—	—	—	—
Shares issued related to discontinued operations	—	—	—	—
Shares issued for interest and financing costs	—	—	—	—
Shares issued for conversion of notes	—	—	—	—
Shares issued for deposit	—	—	—	—
Writedown of receivable related to options	—	—	—	—
Options issued for executive compensation	—	—	—	—
Change of fair value of warrants	—	—	—	—
Warrants issued for and beneficial conversion feature for convertible notes	—	—	—	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2007	—	$ —	$ —	$ —

See accompanying notes to consolidated financial statements

Description	SHARES	AMOUNT	SERIES B ADDITIONAL PAID-IN CAPITAL	STOCK SUBSCRIPTIONS RECEIVABLE
BALANCE, DECEMBER 31, 2005 (restated)	—$	—$	—$	—
Shares issued for options exercised	—	—	—	—
Shares issued for services	—	—	—	—
Shares issued for settlement of debt obligations	—	—	—	—
Shares issued for cash	—	—	—	—
Shares issued for conversion of Preferred Series D shares	—	—	—	—
Shares issued for Preferred Series C shares	—	—	—	—
Options issued for board member stipends	—	—	—	—
Options issued for executive compensation	—	—	—	—
Warrants issued with convertible notes	—	—	—	—
Beneficial conversion feature with convertible notes	—	—	—	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2006	—$	—$	—$	—
Shares issued for cash	—	—	—	—
Shares issued for services	—	—	—	—
Shares issued for settlement of debt obligations	—	—	—	—
Shares issued related to discontinued operations	—	—	—	—
Shares issued for interest and financing costs	—	—	—	—
Shares issued for conversion of notes	—	—	—	—
Shares issued for deposit	—	—	—	—
Writedown of receivable related to options	—	—	—	—
Options issued for executive compensation	—	—	—	—
Change of fair value of warrants	—	—	—	—
Warrants issued for and beneficial conversion feature for convertible notes	—	—	—	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2007	—$	—$	—$	—

See accompanying notes to consolidated financial statements

	SERIES C			
Description	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	STOCK SUBSCRIPTIONS RECEIVABLE
BALANCE, DECEMBER 31, 2005 (restated)	—	$ —	$ —	$ —
Shares issued for options exercised	—	—	—	—
Shares issued for services	—	—	—	—
Shares issued for settlement of debt obligations	—	—	—	—
Shares issued for cash	—	—	—	—
Shares issued for conversion of Preferred Series D shares	—	—	—	—
Shares issued for Preferred Series C shares	—	—	—	—
Options issued for board member stipends	—	—	—	—
Options issued for executive compensation	—	—	—	—
Warrants issued with convertible notes	—	—	—	—
Beneficial conversion feature with convertible notes	—	—	—	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2006	—	$ —	$ —	$ —
Shares issued for cash	—	—	—	—
Shares issued for services	—	—	—	—
Shares issued for settlement of debt obligations	—	—	—	—
Shares issued related to discontinued operations	—	—	—	—
Shares issued for interest and financing costs	—	—	—	—
Shares issued for conversion of notes	—	—	—	—
Shares issued for deposit	—	—	—	—
Writedown of receivable related to options	—	—	—	—
Options issued for executive compensation	—	—	—	—
Change of fair value of warrants	—	—	—	—
Warrants issued for and beneficial conversion feature for convertible notes	—	—	—	—
Net loss	—	—	—	—
BALANCE, DECEMBER 31, 2007	—	$ —	$ —	$ —

See accompanying notes to consolidated financial statements

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Description	SHARES	AMOUNT	SERIES D ADDITIONAL PAID-IN CAPITAL	STOCK SUBSCRIPTIONS RECEIVABLE	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
BALANCE, DECEMBER 31, 2005 (restated)	1,000	$ 1	$ 999,999	$ (500,000)	$ (81,521,981)	$ 504,589
Shares issued for options exercised	—	—	—	—	—	360,749
Shares issued for services	—	—	—	—	—	321,729
Shares issued for settlement of debt obligations	—	—	—	—	—	3,214,835
Shares issued for cash	—	—	—	—	—	6,341,148
Shares issued for conversion of Preferred Series D shares	(1,000)	(1)	(999,999)	500,000	—	—
Shares issued for Preferred Series C shares	—	—	—	—	—	—
Options issued for board member stipends	—	—	—	—	—	586,995
Options issued for executive compensation	—	—	—	—	—	472,133
Warrants issued with convertible notes	—	—	—	—	—	655,131
Beneficial conversion feature with convertible notes	—	—	—	—	—	624,869
Net loss	—	—	—	—	(27,268,267)	(27,268,267)
BALANCE, DECEMBER 31, 2006	—	$ —	$ —	$ —	$ (108,790,248)	$ (14,186,089)
Shares issued for cash	—	—	—	—	—	750,000
Shares issued for services	—	—	—	—	—	1,667,107
Shares issued for settlement of debt obligations	—	—	—	—	—	4,598,333
	—	—	—	—	—	1,056,479

Shares issued related to discontinued operations						
Shares issued for interest and financing costs	—	—	—	—	—	557,632
Shares issued for conversion of notes	—	—	—	—	—	98,565
Shares issued for deposit	—	—	—	—	—	261,000
Writedown of receivable related to options	—	—	—	—	—	—
Options issued for executive compensation	—	—	—	—	—	1,922,992
Change of fair value of warrants	—	—	—	—	—	421,737
Warrants issued for and beneficial conversion feature for convertible notes	—	—	—	—	—	1,233,000
Net loss	—	—	—	—	(11,605,478)	(11,605,478)
BALANCE, DECEMBER 31, 2007	—$	—$	—$	—$	(120,395,726)	$ (13,224,722)

See accompanying notes to consolidated financial statements

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SANSWIRE CORP. (FORMERLY GLOBETEL COMMUNICATIONS CORP.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (11,605,478)	$ (27,268,267)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	—	289,914
Amortization of debt discount	1,111,963	(397,872)
Gain on extinguishment of debt	(254,200)	—
Loss on disposition of assets	—	682,695
Loss on impairment of assets	—	5,279,567
Bad debt expense	—	93,571
Stock based compensation	1,667,107	321,729
Fair value of vested options	1,922,992	1,059,128
Fair value of warrants for investment	421,737	—
Increase in accrued interest expense	558,612	201,181
Common stock exchanged for interest and financing costs	557,632	—
Noncash activity from discontinued operations	1,056,479	1,681,645
(Increase) decrease in assets:		
Accounts receivable	271,262	(193,357)
Loans to employees	—	46,068
Prepaid expenses	—	67,060
Prepaid expenses - related party	—	185,960
Deposits	72,987	1,139,934
Decrease in assets relating to discontinued operations	141,735	1,598,251
Increase (decrease) in liabilities:		
Accounts payable	692,117	1,761,553
Due to former employee with stock	—	(237,600)
Accrued officers' salaries and bonuses	—	(97,382)
Accrued expenses and other liabilities	607,258	569
Related party payable	—	(57,500)
Increase in liabilities relating to discontinued operations	491,684	(297,173)
NET CASH USED BY OPERATING ACTIVITIES	(2,286,113)	(14,140,328)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	—	(255,182)
Deposit in future joint venture	(130,000)	—
Investing activities from discontinued operations	(242,500)	—
NET CASH USED BY INVESTING ACTIVITIES	(372,500)	(255,182)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock - exercises of warrants	750,000	6,341,148
Sale of common stock - exercises of options	—	34,446
Proceeds from notes and loans payable	1,951,312	6,943,545
Bank overdraft	(14,664)	14,664
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,686,648	13,333,803
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	28,035	(1,061,709)
CASH AND EQUIVALENTS - BEGINNING OF PERIOD	4,243	1,065,952

CASH AND EQUIVALENTS - ENDING OF PERIOD	$	32,278	$	4,243

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SUPPLEMENTAL DISCLOSURES	2007	2006
Cash paid during the period for:		
Interest	$ 25,083	$ 26,310
Income taxes	—	—
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Shares issued for debts	4,598,333	2,386,667
Shares issued for debts	242,500	—
Shares issued for future joint venture	261,000	—
Conversion of Series D preferred stock to common stock	—	1,000,000
Cashless issuance for exercise of options	—	360,749
Non cash receipt for services	—	590,568
Non cash disbursement for debt	—	590,568
Conversion of notes payable to common stock	98,565	—
Non-cash equity-warrant valuation and intrinsic value of beneficial conversion associated with convertible notes	1,233,000	1,280,000

See accompanying notes to consolidated financial statements

SANSWIRE CORP. (FORMERLY GLOBETEL COMMUNICATIONS CORP.) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

NATURE OF OPERATIONS

From 2002 to 2007 Sanswire Corp. (formerly known as Globetel Communications Corp.) ("Sanswire") (the “Company”) was involved in the following business sectors: stored value card services; wholesale telecommunications services; voice over IP; wireless broadband; and high altitude airships. These business units operated through various subsidiaries. The Company has discontinued operations in all but the high altitude airship sector.

On September 22, 2008 we filed a Certificate of Merger with the Secretary of State of the State of Delaware pursuant to which our wholly owned subsidiary, Sanswire Corp., a Delaware corporation, was merged into us. As a result of the filing of the Certificate of Merger, our corporate name was changed from GlobeTel Communications Corp. to Sanswire Corp. The opportunities associated with Sanswire are related to the Lighter Than Air (LTA) Unmanned Aerial Vehicle (UAV) market. Sanswire seeks to build and run a UAV business that includes low-, mid- and high-altitude, lighter-than-air vehicles. Sanswire intends to provide customers advanced seamless wireless broadband capabilities and surveillance sensor suites utilizing its High Altitude Airship technology.

Sanswire’s main products are airships, which provide a platform to transmit wireless capabilities from air to ground.

The High Altitude class of prospective airships are generally referred to as HAAs (High Altitude Airships) but have also been called HAPs and HALEs (High Altitude Platforms, High Altitude Long Endurance). They are being designed to be able to keep a station in one location in the Stratosphere, at approximately 65,000 ft for durations of 30 days or more.

ORGANIZATION AND CAPITALIZATION

The Company was organized in July 2002, under the laws of the State of Delaware. Upon its incorporation, Sanswire was a wholly-owned subsidiary of American Diversified Group, Inc. (ADGI). ADGI was organized January 16, 1979, under the laws of the State of Nevada. ADGI had two other wholly-owned subsidiaries, Global Transmedia Communications Corporation (Global), a Delaware corporation, and NCI Telecom, Inc. (NCI), a Missouri corporation.

On July 1, 2002, both Global and NCI were merged into ADGI. On July 24, 2002, ADGI stockholders approved a plan of reincorporation for the exchange of all outstanding shares of ADGI for an equal number of shares of the Company. Subsequently, ADGI was merged into the Company, which is now conducting the business formerly conducted by ADGI and its subsidiaries, and all references to ADGI in these financial statements now apply to Sanswire interchangeably.

In July 2002, pursuant to the reincorporation, the Company authorized the issuance of up to 1,500,000,000 (pre-split) shares of common stock, par value of $0.00001 per share and up to 10,000,000 shares of preferred stock, par value of $0.001 per share.

In May 2005, the Company approved a reverse split of shares of common stock on a one for fifteen (1:15) basis and changed the number of shares authorized to 100,000,000. In the Company's annual shareholders meeting on August 1, 2005, the shareholders voted to increase the shares authorized from 100,000,000 to 150,000,000.

All common stock amounts in this report have been retroactively restated to account for the reverse stock split, unless otherwise noted.

In the Company's annual shareholders meeting on June 21, 2006, the shareholders voted to increase the shares authorized from 150,000,000 to 250,000,000.

BASIS OF PRESENTATION

The financial statements include the accounts of Sanswire Corp. ("Sanswire," the “Company”) and its wholly-owned subsidiaries: Sanswire Networks, LLC(“Sanswire Networks”); GlobeTel Wireless Corp.; GlobeTel Wireless Europe GmbH, a German corporation, and Centerline Communications, LLC, and its wholly-owned subsidiaries, EQ8, LLC, EnRoute Telecom, LLC, G Link Solutions, LLC, Volta Communications, LLC, and Lonestar Communications, LLC; High Valley Property Ltd., a British Virgin Islands corporation; as well as the accounts GTCC de Mexico, S.A. de C.V, which GlobeTel owns 99%.

Inter-company balances and transactions were eliminated in the consolidation.

GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, the Company had a net loss of $11,605,478 and a negative cash flow from operations of $2,286,113 for the year ended December 31, 2007, and had a working capital deficiency of $12,833,722 and a stockholders’ deficit of $13,224,722 at December 31, 2007. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company’s ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Additional cash will still be needed to support operations. Management believes it can continue to raise capital from various funding sources, which when added to budgeted sales and current working capital, will be sufficient to sustain operations at its current level through December 31, 2008. However, if budgeted sales levels are not achieved and/or if significant unanticipated expenditures occur, or if it is unable to obtain the necessary funding, the Company may have to modify its business plan, reduce or discontinue some of its operations or seek a buyer for all or part of its assets to continue as a going concern. As of the date of this report the Company has continued to raise capital to sustain its current operations which have been reduced since January 1, 2008. The Company will need to periodically seek investment to provide cash for operations until such time that operations provide sufficient cash flow to cover expenditures. (see also next paragraph)

On May 2, 2008, the Securities and Exchange Commission (“SEC”) filed a lawsuit in the United States District Court for the Southern District of Florida against GlobeTel Communications Corp. (the “Company”) and three former officers of the Company, Timothy J. Huff, Thomas Y. Jimenez and Lawrence E. Lynch. The SEC alleges, among other things, that the Company recorded $119 million in revenue on the basis of fraudulent invoices created by Joseph Monterosso and Luis Vargas, two individuals formerly employed by the Company who were in charge of its wholesale telecommunications business. The SEC alleges that the Company violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, as amended, Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rules 10b-5, 12b-20, 13a-1, 13a-11 and 13a-13 under the Exchange Act. The SEC seeks as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. The Company intends to vigorously defend itself in this action. The staff is also considering recommending that the SEC authorize and institute proceedings to revoke the registration of Company’s securities pursuant to Section 12(j) of the Exchange Act. (also see Note 9)

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with an original maturity of three months or less at the date of purchase to be cash equivalents.

BANK OVERDRAFT

The Company records any negative balances in its bank accounts as a bank overdraft.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. As of December 31, 2006, the accounts receivable consists of a reimbursement from the Company’s Directors and Officers insurance for legal and accounting expenses that were paid above the Company’s deductible which was received in August 2007.

REGISTRATION RIGHTS

In connection with the sale of debt or equity instruments, we may enter into Registration Rights Agreements. Generally, these Agreements require us to file registration statements with the Securities and Exchange Commission to register common shares that may be issued on conversion of debt or preferred stock, to permit re-sale of common shares previously sold under an exemption from registration or to register common shares that may be issued on exercise of outstanding options or warrants.

These Agreements usually require us to pay penalties for any time delay in filing the required registration statements, or in the registration statements becoming effective, beyond dates specified in the Agreement. These penalties are usually expressed as a fixed percentage, per month, of the original amount we received on issuance of the debt or preferred stock, common shares, options or warrants. We account for these penalties as a contingent liability and not as a derivative instrument.

REVENUE RECOGNITION

Revenues for voice, data, and other services to end-users are recognized in the month in which the service is provided. Amounts invoiced and collected in advance of services provided are recorded as deferred revenue. Revenues for carrier interconnection and access are recognized in the month in which the service is provided.

Sales of telecommunications networks are recognized when the networks are delivered and accepted by the customer. Sales of computer hardware, equipment, and installation are recognized when products are shipped to customers. Provisions for estimated returns and allowances are provided for in the same period the related sales are recorded. Revenues on service contracts are recognized ratably over applicable contract periods. Amounts billed and collected before services are performed are included in deferred revenues.

INCOME TAXES

Income taxes are computed under the provisions of the Financial Accounting Standards Board (FASB) Statement No. 109 (SFAS 109), Accounting for Income Taxes. SFAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of the difference in events that have been recognized in the Company's financial statements compared to the tax returns.

ADVERTISING AND MARKETING COSTS

Advertising and marketing costs are charged to operations in the period incurred. Advertising and marketing expense for the years ended December 31, 2007 and 2006, were $24,087 and $230,329, respectively, and are included in "General and Administrative" in the consolidated statements of income (loss).

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FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments, including cash, receivables, securities, accounts payable, and notes payable are carried at amounts which reasonably approximate their fair value due to the short-term nature of these amounts or due to variable rates of interest which are consistent with market rates.

CONCENTRATIONS OF CREDIT RISK AND ECONOMIC DEPENDENCE

Financial instruments, which potentially subject the Company to a concentration of credit risk, are cash and cash equivalents and accounts receivable. The Company had cash balances of $32,278 and $4,243 as of December 31, 2007 and 2006. As of December 31, 2007, the Company had no balances in excess of federally insured limits.

The Company operates worldwide. Consequently, the Company's ability to collect the amounts due from customers may be affected by economic fluctuations in each of the geographical locations in which the Company provides its services.

USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

BASIC AND DILUTED NET INCOME (LOSS) PER COMMON SHARE

Basic and diluted net loss per common share has been computed based upon the weighted average number of shares of common stock outstanding during each period. The basic and diluted net loss is computed by dividing the net loss by the weighted average number of common shares outstanding during each period. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive. If all outstanding options, warrants and convertible shares were to be converted or exercised as of December 31, 2007, the shares outstanding would be 178,910,697.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company follows FASB Statement No. 144 (SFAS 144), "Accounting for the Impairment of Long-Lived Assets." SFAS 144 requires that long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost to sell.

STOCK-BASED COMPENSATION

On January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment* , which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors based on estimated fair values. SFAS No. 123(R) supersedes the Company’s previous accounting under Accounting Principles Board Opinion (“APB”) No. 25, *Accounting for Stock Issued to Employees* . In March 2005, the Securities and Exchange Commission issued SAB No. 107, *Share-Based Payment* , relating to SFAS No. 123(R). The Company has applied applicable provisions of SAB No. 107 in its adoption of SFAS No. 123(R).

The Company adopted SFAS No. 123(R) using the prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of its year ended December 31, 2006. In accordance with this transition method, the Company's consolidated financial statements for prior periods have not been restated to reflect, and do not include the impact of, SFAS No. 123(R). The Company's consolidated financial statements for the year ended December 31, 2007 and 2006 reflect the impact of SFAS No. 123(R). Upon adopting SFAS No. 123(R), for awards with service conditions and graded-vesting, a one-time election was made to recognize stock-based compensation expense on a straight-line basis over the requisite service period for the entire award.

Stock-based compensation expense recognized under SFAS No. 123(R) for the years ended December 31, 2007 and 2006 were $1,667,107 and $321,729, respectively.

The Company's determination of fair value of share-based payment awards to employees and directors on the date of grant uses the Black-Scholes model, which is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to our expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. Forfeitures are recognized as incurred.

The Company accounts for stock option and warrant grants issued to non-employees for goods and services using the guidance of SFAS No. 123 and Emerging Issues Task Force ("EITF") No. 96-18: "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," whereby the fair value of such option and warrant grants is determined using the Black-Scholes option pricing model at the earlier of the date at which the non-employee's performance is completed or a performance commitment is reached.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

SFAS No. 157, Fair Value Measurements (SFAS No. 157)

In September 2006, the FASB issued SFAS No. 157. This Statement defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value in GAAP and expands disclosure related to the use of fair value measures in financial statements. SFAS No. 157 does not expand the use of fair value measures in financial statements, but standardizes its definition and guidance in GAAP. The Standard emphasizes that fair value is a market-based measurement and not an entity-specific measurement based on an exchange transaction in which the entity sells an asset or transfers a liability (exit price). SFAS No. 157 establishes a fair value hierarchy from observable market data as the highest level to fair value based on an entity's own fair value assumptions as the lowest level. SFAS No. 157 is to be effective for its financial statements issued in 2008. The Company believes that SFAS No. 157 will not have a material impact on its consolidated financial statements.

***SFAS No. 159,* The Fair Value Option of Financial Assets and Financial Liabilities (SFAS No. 159)**

In February 2007, the FASB issued SFAS No. 159. *The Fair Value Option of Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 provides an option to report selected financial assets and financial liabilities using fair value. The standard establishes required presentation and disclosures to facilitate comparisons with companies that use different measurements for similar assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, with early adoption allowed if SFAS No. 157 is also adopted. The Company is currently evaluating the impact of adopting SFAS No. 159 on its consolidated financial statements.

SFAS No. 141 (R), *Business Combinations (SFAS No. 141R)* and SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements (SFAS No. 160)*

In December 2007, the FASB issued SFAS No. 141R, Business Combinations, and SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements. SFAS No. 141R requires an acquirer to measure the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a non-controlling interest in a subsidiary should be reported as equity in the consolidated financial statement. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS No. 141R and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The Company has not yet determined the effect on our financial statements, if any, upon adoption of SFAS No. 141R or SFAS No. 160.

SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities (SFAS No. 161)*

In March 2008, the FASB issued FASB Statement No. 161, “Disclosures about Derivative Instruments and Hedging Activities”. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. FAS 161 is effective for the Company in fiscal 2010.

Management does not believe that there are any recently-issued, but not yet effective accounting pronouncements, which could have a material effect on the accompanying condensed consolidated financial statements

NOTE 2. DISCONTINUED OPERATIONS

The Company has decided to close several of its operations and has presented certain activities as discontinued operations as of and for the years ended December 31, 2007 and 2006.

Telecom

The Company decided to wind down its telecom operations, including those of its subsisdiary, Centerline Communications LLC. It did not have sufficient working capital to make its telecom operations profitable. The Company decided that any capital should be directed towards the Company’s other programs and that it should collect Centerline’s outstanding receivables and sell its assets

GlobeTel Wireless Corp.

During the first quarter of 2007, the president of GlobeTel Wireless, Ulrich Altvater, became a consultant to the Company to provide many of the services that were provided under the auspices of GlobeTel Wireless. The Company believed at the time that this would be a more cost efficient manner of running the business. However, in May of 2007 the Company terminated the contract with Altvater. In the second quarter of 2007, the Company decided to shut down the subsidiary and concentrate its efforts solely on the development and sale of Lighter than Air Unmanned Aerial Vehicles (LTA UAV’s).

In March 2007, the Company received $242,500 in exchange for a note payable that was secured by common stock of the Company. The proceeds were used by Globetel Wireless as a further investment in a joint venture that was abandoned in 2007. The Company received a Notice of Acquisition of Collateral which allowed the note holder to satisfy the note payable with the pledged common shares.

During 2007, the Company disposed of two components of its business which constituted discontinued operations - Telecom and Globetel Wireless Corp. The loss on the Company’s consolidated statements of operations for the years ended December 31, 2007 and 2006 is summarized as follows:

Telecom		**2007**		**2006**
Loss from discontinued operations	$	(781,455)	$	(3,306,547)
Globetel Wireless				
Loss from discontinued operations		(1,137,351)		(4,260,335)
Total loss from discontinued operations	$	(1,918,806)	$	(7,566,882)

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The Company incurred the following losses from discontinued operations for the years ended December 31, 2007 and 2006:

2007	Telecom	Globetel Wireless	Total
Revenue	$ 4,849	$ —	$ 4,849
Cost of sales	(11,676)	—	(11,676)
Gross margin (loss)	(6,827)	—	(6,827)
Payroll and related taxes	(18,935)	(91,865)	(110,800)
General and administrative	(84,385)	(798,736)	(883,121)
Deprecation and amortization	(654,672)	—	(654,672)
Consulting and professional fees	(16,636)	—	(16,636)
Loss on investment	—	(246,750)	(246,750)
Loss from discontinued operations	$ (781,455)	$ (1,137,351)	$ (1,918,806)

2006	Telecom	Globetel Wireless	Total
Revenue	$ 7,478,250	$ 260,058	$ 7,738,308
Cost of sales	(7,297,515)	(207,884)	(7,505,399)
Gross margin	180,735	52,174	232,909
Payroll and related taxes	(627,403)	(617,916)	(1,245,319)
General and administrative	(628,102)	(2,855,053)	(3,483,155)
Deprecation and amortization	(274,451)	(118,258)	(392,709)
Loss on disposition of assets	(891,692)	(692,582)	(1,584,274)
Bad debt expense	(1,065,634)	(28,700)	(1,094,334)
Loss from discontinued operations	$ (3,306,547)	$ (4,260,335)	$ (7,566,882)

The Company had the following assets and liabilities from its discontinued operations on its consolidated balance sheet for the years ended December 31, 2007 and 2006:

2007	Telecom	Globetel Wireless	Total
Cash	$ 6,942	$ —	$ 6,942
Accounts receivable	11,736	—	11,736
Total assets	18,678	—	18,678
Accounts payable	140,091	1,216,208	1,356,299
Accrued liabilities	9,605	21,477	31,082
Total current liabilities	149,696	1,237,685	1,387,381
Net liabilities of discontinued operations	$ 131,018	$ 1,237,685	$ 1,368,703

2006	Telecom	Globetel Wireless	Total

Cash	$ 9,011	$ 10,903	$ 19,914
Accounts receivable	16,761	—	16,761
Prepaid expense	1,607	—	1,607
Deposits	65,551	2,200	67,751
Total current assets	92,930	13,103	106,033
Other assets	54,380	—	54,380
Total assets	147,310	13,103	160,413
Accounts payable	202,963	458,584	661,547
Accrued liabilities	44,651	28,280	72,931
Deferred revenue	6,412	—	6,412
Due to related party	154,807	—	154,807
Total current liabilities	408,833	486,864	895,697
Net liabilities of discontinued operations	$ 261,523	$ 473,761	$ 735,284

NOTE 3. ACCOUNTS RECEIVABLE

As of December 31, 2006 accounts receivable consists of a reimbursement of $271,262 from the Company's Directors and Officers insurance for legal and accounting expenses that were paid above the Company's deductible which was received in August 2007.

NOTE 4. DEPOSITS

Deposits as of December 31, 2006 of $72,987 include a rental deposit for Los Angeles World Airport related to the Palmdale Hanger occupied by Sanswire Networks, LLC in the amount of $72,000. During 2006, Los Angeles World Airports has drawn against the rental deposit and applied it to outstanding invoices. The balance of $987 was returned upon the closing of a utility account.

During 2007, the Company made payments totaling $391,000, consisting of $130,000 in cash and 1.86 million shares valued at $261,000 as part of its November 2007 agreement with TAO Technologies GmbH and Professor Bernd Kroplin. These payments were initially part of the Technical Cooperation and License Agreements wherein the Company acquired the exclusive license rights to certain TAO remote airship technologies and patents. However in June 2008 the Company restructured its November 2007 agreement with TAO Technologies GmbH and Professor Bernd Kroplin. The new agreement called for the establishment of a new US-based joint venture company to be called Sanswire-TAO that was to be owned equally by TAO and Sanswire Corp. Additionally, Sanswire-TAO would register the patents and intellectual property of TAO Technologies and Kroplin in the United States for the exclusive use of Sanswire-TAO. Further, the $391,000 paid during 2007 was applied as payment towards the new agreement and thus the Company has classified these payments as a long term deposit as it should result in a long term investment.

NOTE 5. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following:

		2007		2006
Payroll Liabilities	$	813,787	$	206,529
Professional Fees		253,568		253,568
ACCRUED EXPENSES AND OTHER LIABILITIES	$	1,067,355	$	460,097

NOTE 6. NOTES AND CONVERTIBLE NOTES PAYABLE

		2007		2006
(A) NOTES PAYABLE	$	6,139,357	$	5,457,545
(B) CONVERTIBLE NOTES PAYABLE, net of unamortized discount of $454,531 and $882,128		825,469		397,872
(C) CONVERTIBLE PROMISSORY NOTES, net of unamortized discount of $802,833 and $0		336,036		206,000
Total		7,300,862		6,061,417
ACCRUED INTEREST		755,358		201,181
Total	$	8,056,220	$	6,262,598

(A) NOTES PAYABLE

From April to June 2006, the Company received a total of $4,307,645 through an unsecured promissory note with no formal terms of repayment. From February to October 2007, the Company received a total of $641,812. The Company has accrued interest at a rate of 7% per annum, which totals $491,024 as of December 31, 2007.

From October to December 2006, the Company received a total of $1,149,900 through an unsecured promissory note with no formal terms of repayment. The Company has accrued interest at a rate of 7% per annum, which totals $80,492 as of December 31, 2007. In 2008, the note holder converted $150,000 of the loans to 1,428,571 shares of common stock.

As of December 31, 2007 and 2006, the aggregate amounts outstanding under these independent notes were $6,139,357 and $5,457,545.

(B) CONVERTIBLE NOTES PAYABLE

September 2006 Notes
On September 6, 2006, the Company entered into subscription agreements with several investors whereby these investors bought a total $1,280,000 in two year, 7% convertible notes and were issued Class A and Class B Warrants (valued at $337,395 and $317,736, respectively as described below). Net proceeds of $1,124,080 were received, after deducting costs and expenses related to the transaction. The notes are convertible into 3,602,221 shares of the Company's common stock ranging from $.33 to $.39 per share. The common shares underlying the notes and the warrants carry with them registration rights that obligated the Company to register such shares within 30 days.

The Notes were convertible into common stock ranging from $.33 to $.39 per share. Prior to any notice of conversion the Company had the right, under certain circumstances, to redeem the notes at a premium for cash, subject to a right to convert by the investor. The investors received one Class A Warrant to purchase one share of common stock for every two shares that the notes were convertible into on the closing date as well as one Class B Warrant to purchase the identical number of shares.

The Class A Warrants are exercisable for a purchase price equal to 150% of the market price on the day prior to closing and the Class B Warrants are exercisable for a purchase price equal to 200% of the market price on the day prior to closing which calculates to 3,602,190 warrants ranging from $.66 to $1.26. The Warrants have a 5 year term. The Placement Agent for the transaction, Westor Capital Group, has the right to raise up to $3 million for the Company.

The Company determined that the fair value of the conversion feature was $624,869 and the fair value of the warrants was $655,131 based upon the relative value of the Black Scholes valuation of the warrants and the underlying debt amount. For the Black Scholes calculation, the Company assumed no dividend yield, a risk free interest rate of 4.5%, expected volatility of 99.63% and an expected term of the warrants of 5 years. The initial calculated fair value of warrants and the beneficial conversion of the notes of $1,280,000 was reflected by the Company as a valuation discount and offset to the carrying value of the Notes, and is being amortized by the effective interest method over the term of the Notes. For the year ended December 31, 2007, the Company amortized $397,872 of the valuation discount, which is reflected as financing costs in the Company's consolidated statements of operations.

In January 2007, the Company executed several Certificates of Adjustments for the previously issued Notes. The Notes previously had Exercise Prices ranging from $0.33 to $.39 and with the execution of the adjustments; the Exercise Prices were then modified to $0.196. The aforementioned substantial modification of debt is accounted for under EITF 96-19, however EITF 06-6 deemed the modification an extinguishment of debt, with a resultant gain of $254,200 recorded upon execution. On May 1, 2007, the Company executed several Certificates of Adjustments for the previously issued Warrants. The Warrants previously had Exercise Prices ranging from $0.75 to $1.00 and with the execution of the adjustments; the Exercise Prices were then modified to $0.196. The Company recognized a $140,487 loss from the increase in fair value from the modification of warrants. In January 2008, the Company issued certificates of adjustment for certain convertible debentures and warrants issued pursuant to the 2006 financing to $.105 per share. The Company anticipates that there will be additional charges due to these modifications and such charges will be recorded during the year ended December 31, 2008.

Additionally, as the Company was unable to register the shares underlying the debentures and warrants due to it restating its financial statements, the Company had to pay liquidated damages to the debenture holders. In 2007, the Company agreed to and issued 662,951 shares valued at $104,400 to pay liquidated damages through March 31, 2007.

Also in December 2007, the Company separately entered into a forbearance agreement with some of the debt holders. This agreement changed their conversion to the lesser of $.20 or 70% of the volume weighted average price for the 10 days prior to conversion. The agreement also limits some of the investors from engaging in short sales on the stock and places a volume limitation on sales. The agreement becomes effective January 16, 2008, and as such, the Company reviewed the transaction for possible derivative accounting requirements pursuant to EITF 00-19. The Company used the Black-Scholes option pricing model to evaluate the fair value of the embedded derivative. On January 16, 2008, the Company allocated the fair value of the embedded derivative to derivatives expense in the aggregate amount of $184,081. The embedded derivative will then be recorded at fair market value at each period ending date, and the change recorded to derivatives income (expense). As of the date of this report, the outstanding balance of these notes is convertible into approximately 4.24 million shares based on a conversion rate of $.0441.

From January 18 to September 11, 2008, $896,911 of principal was converted into approximately 11.1 million shares of Company common stock.

(C) CONVERTIBLE PROMISSORY NOTES

<u>2006 Convertible Promissory Notes</u>

In December 2006, the Company entered into financing agreements for convertible promissory notes payable totaling $250,000. As of December 31, 2006, the Company received $206,000 with the balance of $44,000 being received in January 2007. Upon receipt of the full 250,000, the notes become convertible into common stock of the Company at $.196 per share. The note, which is due two years from inception, accrues interest at a rate of 7% per annum and were issued Class A and Class B warrants (valued at $103,610 and $60,528, respectively as described below). The Class A and B warrants are exercisable for a purchase price of $.21 and $.315, respectively. The warrants have a 2 year term.

The Company entered into additional financing agreements on the same terms and conditions as set forth above in March 2007 for a total of $400,000; in June for $100,000; in June for $125,000 and in September for $175,000. They were also issued Class A warrants (valued at $175,727, $33,706, $42,255 and $16,520, respectively as described below) and Class B warrants (valued at $103,805, $18,995, $23,771 and $5,899, respectively as described below).

The Company determined that the total fair value of the conversion features was $595,140 and the total fair value of the warrants was $617,860 based upon the relative value of the Black Scholes valuation of the warrants and the underlying debt amount. For the Black Scholes calculation, the Company assumed no dividend yield, a risk free interest rate of 4.5%, expected volatility ranging from 58.68% to 105.47% and an expected term of the warrants of 5 years. The initial calculated fair value of warrants and the beneficial conversion of total of the notes of $1,138,869 was reflected by the Company as a valuation discount and offset to the carrying value of the Notes, and is being amortized by the effective interest method over the term of the Notes. For the year ended December 31, 2007, the Company amortized $429,333 of the valuation discount, which is reflected as financing costs in the Company’s consolidated statements of operations.

In November 2007, the Company entered into securities purchase agreements to sell shares at $.105 per share for a total of $315,000, only a portion of which was payable at the time of subscription with the remainder payable upon the happening of certain corporate events with $163,000 received as of December 31, 2007. This had the effect of resetting the conversion provisions on the previously issued convertible notes to $.105 per share. The agreements were revised in the first quarter of 2008 to allow a larger percentage of the subscribed funds to become available to the Company. Thus, a portion of the subscription amount was received in the first quarter of 2008. The Company has not completed its review of the transaction; however, there may be additional charges in 2008 from these modifications.

During 2007, $94,130 of principal was converted into 896,480 shares of Company common stock. During 2008, $11,000 of principal was converted into 104,762 shares of Company common stock.

<u>2007 Convertible Promissory Note</u>
In December 2007, the Company entered into a financing agreement for a convertible promissory note payable totaling $20,000. The note is convertible into common stock of the Company at $.196 per share. The note, which is due two years from inception, accrues interest at a rate of 7% per annum and was issued Class A and Class B warrants (valued at $7,916 and $3,921, respectively as described below). The Class A and B warrants are exercisable for a purchase price of $.21 and $.315, respectively. The warrants have a 2 year term.

The Company determined that the fair value of the conversion features was $8,163 and the fair value of the warrants was $11,837 based upon the relative value of the Black Scholes valuation of the warrants and the underlying debt amount. For the Black Scholes calculation, the Company assumed no dividend yield, a risk free interest rate of 4.5%, expected volatility of 58.68% and an expected term of the warrants of 5 years. The initial calculated fair value of warrants and the beneficial conversion of the notes of $20,000 was reflected by the Company as a valuation discount and offset to the carrying value of the Note, and is being amortized by the effective interest method over the term of the Note. For the year ended December 31, 2007, the Company amortized $833 of the valuation discount, which is reflected as financing costs in the Company’s consolidated statements of operations.

NOTE 7. AGREEMENTS

COOPERATIVE TECHNOLOGIES AGREEMENT - UNIVERSITY OF STUTTGART, GERMANY

On October 12, 2005, the Company signed an agreement with TAO-Technologies in cooperation with the University of Stuttgart in Germany. The agreement states that TAO-Technologies, in cooperation with the University of Stuttgart, will design several next-generation airships intended for multiple uses. In November 2007, the Company and TAO entered into a Technical Cooperation and License Agreement wherein the Company acquired the exclusive license rights to certain TAO remote airship technologies and patents. In June 2008, the Company restructured its November 2007 agreement (See Note 3).

Future minimum payments required under the original agreement, referenced above, subsequent to the year ended December 31, 2007 are as follows:

2008	$ 1,000,000
2009 and thereafter	11,000,000
	$ 12,000,000

OTHER AGREEMENTS

Several other agreements, letters of intent, and memorandums of understanding regarding stored value cards and other telecommunications programs, as well as the Sanswire project, were entered into during 2007 and through the date of this report, none of which require the recording of any assets, liabilities, revenues or expenses.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Securities and Exchange Commission

On September 28, 2006, the Company received a formal order of investigation from the SEC. The formal order only named the Company and was not specific to any particular allegations. Through the use of subpoenas, the SEC has requested documentation from certain officers and directors of the Company. In subsequent subpoenas, the SEC has asked for additional documents and information.

On October 5, 2007, the Company received a "Wells Notice" from the SEC in connection with the SEC's ongoing investigation of the Company. The Wells Notice provides notification that the staff of the SEC intends to recommend to the Commission that it bring a civil action against the Company for possible violations of the securities laws including violations of Sections 5 and 17(a) of the Securities Act of 1933; Sections 10(b), 13(a), and 13(b)(2)(A) & (B) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder; and seeking as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. The staff is also considering recommending that the SEC authorize and institute proceedings to revoke the registration of Company's securities pursuant to Section 12(j) of the Exchange Act.

On May 2, 2008, the Securities and Exchange Commission ("SEC") filed a lawsuit in the United States District Court for the Southern District of Florida against GlobeTel Communications Corp. (the "Company") and three former officers of the Company, Timothy J. Huff, Thomas Y. Jimenez and Lawrence E. Lynch. The SEC alleges, among other things, that the Company recorded $119 million in revenue on the basis of fraudulent invoices created by Joseph Monterosso and Luis Vargas, two individuals formerly employed by the Company who were in charge of its wholesale telecommunications business.

The SEC alleges that the Company violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, as amended, Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 10b-5, 12b-20, 13a-1, 13a-11 and 13a-13 under the Exchange Act. The SEC seeks as relief a permanent injunction, civil penalties, and disgorgement with prejudgment interest. In response to the Complaint, the Company has filed a motion to dismiss, which motion is still pending with the Court. The Company intends to vigorously defend itself in this action.

Joseph Monterosso

In October 2007 the Company filed a lawsuit in the Circuit Court for Broward County, Florida against Joseph J. Monterosso alleging Libel, Slander and Defamation, Tortuous Interference, Violations of FS § 836.05 (Threats Extortion) and violations of FS §517 (Securities Fraud). Mr. Monterosso has not yet been served with the complaint.

Wachovia v. GlobeTel

In connection with the operations of Globetel Wireless Europe GmbH and the acquisition of Altvater GmbH, the Company guaranteed a letter of credit in the amount of $600,000. Upon Globetel Wireless Europe GmbH ceasing operations, the letter of credit was drawn upon. The letter of credit was not collateralized. In September 2007, Wachovia filed a lawsuit in Broward County in an attempt to recover the amount through arbitration with the American Arbitration Association. On June 2, 2008, the American Arbitration Association awarded Wachovia $762,902.

Richard Stevens v. GlobeTel

The Company and its directors were sued in the case RICHARD STEVENS vs. GLOBETEL COMMUNICATIONS CORP., et al. Case No.: 06-cv 21071. The original allegations of the complaint were that the Company's proposed transaction to build wireless networks in Russia was a sham. The amended complaint alleged that the transaction was not a sham, but that the Company refused to accept payment of $300 million. Recently, the officers and directors with the exception of Timothy Huff have been dismissed from the case.

In February 2008, the Company and the Plaintiff reached a settlement in principle that has been filed with the Court for approval. Under the terms of the proposed settlement agreement in the class action, the Company's D&O insurance carrier will make a cash payment to the class of $2,300,000, less up to $100,000 for potential counsel fees and expenses. All claims in the class action will be dismissed with prejudice. The US District Court for the Southern District of Florida has approved the settlements reached in its pending securities class action and a shareholder derivative action on February 4, 2008.

Derivative Action

On July 10, 2006 a derivative action was filed against the officers and directors of the Company alleging that they have not acted in the best interest of the Company or the shareholders and alleged that the transaction to install wireless networks in Russia was a sham. The lawsuit is pending in the Federal District Court for the Southern District of Florida (Civil Case No. 06-60923). The Company believes that the suits are without merit and will vigorously defend against it. The Company has hired outside counsel to defend it in this action. The Company and the Plaintiff have reached an agreement in principle to settle this action and have submitted such settlement with the Court for its approval. Under the terms of the settlement, Company's D&O insurance carrier will pay $60,000 in attorneys' fees to plaintiff's counsel, the Company will implement or maintain certain corporate governance changes, and all claims will be dismissed with prejudice.

Mitchell Siegel v. Globetel

On February 2, 2007, GlobeTel was sued in the Circuit Court for Broward County, Florida entitled Mitchell Siegel v. Globetel Communications Corp. , Case no. 0702456 ("the Siegel Lawsuit"). In this action, Siegel sued the Company for breach of contract in regards to a Key Executive Employment Agreement. On February 15, 2008, both parties entered into a settlement agreement whereas Mr. Siegel would receive $175,000 worth of stock, payable over 12 months, and 50% of the gross proceeds, up to a total amount of $300,000, received from an October 2006 agreement.

Former Consultants

The Company is a defendant in two lawsuits filed by Matthew Milo and Joseph Quattrocchi, two former consultants, filed in the Supreme Court of the State of New York (Richmond County, Case no. 12119/00 and 12118/00). These matters were subsequently consolidated as a result of an Order of the court and now bear the singular index number 12118/00. The original lawsuits were for breach of contract. The complaint demands the delivery of 10,000,000 pre split shares of ADGI stock to Milo and 10,000,000 to Quattrocchi. The Company was entered into the action as ADGI was the predecessor of the Company. The suit also requests an accounting for the sales generated by the consultants and attorneys fees and costs for the action.

The lawsuits relate to consulting services that were provided by Mr. Milo and Mr. Quattrocchi and a $50,000 loan advanced by these individuals, dated May 14, 1997, of which $35,000 has been repaid.

The Company entered into an agreement with Mr. Milo and Mr. Quattrocchi as consultants on June 25, 1998. The agreement was amended on August 15, 1998. On November 30, 1998, both Mr. Milo and Mr. Quattrocchi resigned from their positions as consultants to the Company without fulfilling all of their obligations under their consulting agreement. The Company issued 3 million pre split shares each to Mr. Milo and Mr. Quattrocchi as consideration under the consulting agreement. The Company has taken the position that Mr. Milo and Mr. Quattrocchi received compensation in excess of the value of the services that they provided and the amounts that they advanced as loans.

Mr. Milo and Mr. Quattrocchi disagreed with the Company's position and commenced action against us that is pending in the Supreme Court of the State of New York. Mr. Milo and Mr. Quattrocchi claim that they are entitled to an additional 24,526,000 pre split shares of common stock as damages under the consulting agreement and to the repayment of the loan balance. The Company believes that it has meritorious defenses to the Milo and Quattrocchi action, and the Company has counterclaims against Mr. Milo and Mr. Quattrocchi.

With regard to the issues related to original index number 12119/00, as a result of a summary judgment motion, the plaintiffs were granted a judgment in the sum of $15,000. The rest of the plaintiff's motion was denied. The court did not order the delivery of 24,526,000 pre split shares of ADGI common stock as the decision on that would be reserved to time of trial.

An Answer and Counterclaim had been interposed on both of these actions. The Answer denies many of the allegations in the complaint and is comprised of eleven affirmative defenses and five counterclaims alleging damages in the sum of $1,000,000. The counterclaims in various forms involve breach of contract and breach of fiduciary duty by the plaintiffs.

For the most part, the summary judgment motions that plaintiffs brought clearly stated that their theories of recovery and the documents that they will rely on in prosecuting the action. The case was assigned to a judicial hearing officer and there was one week of trial. The trial has been since adjourned with no further trial dates having been set.

It is still difficult to evaluate the likelihood of an unfavorable outcome at this time in light of the fact that there has been no testimony with regard to the actions. However, the plaintiffs have prevailed with regard to their claim of $15,000 as a result of the lawsuit bearing the original index Number 12119/00.

This case went before a Judicial Hearing Officer on July 6 and 7, 2006. No resolution occurred during the July hearing and the Judicial Hearing Officer has asked for written statements of facts and law. The outcome cannot be projected with any certainty. However, the Company does not believe that it will be materially adversely affected by the outcome of the proceeding. The Company has not been informed of any further developments since the hearing.

Trimax Wireless

On July 3, 2007 the Company filed suit against its former employee Ulrich Altvater and his company Trimax Wireless seeking the return of certain equipment held at the former GlobeTel Wireless offices and for the return of $175,000 lent to Altvater by the Company. The replevin action against Trimax was dismissed on the basis of venue and the Company intends to refile the suit with regard to Trimax in Collier County, Florida.

On July 12, 2007, the Company terminated its agreement with Mr. Altvater and his company, Trimax Wireless, Inc.

In August 2007, Altvater and Trimax filed suit against the Company alleging, defamation, conversion, breach of contract and seeking injunctive relief. The Company successfully moved to have the two cases consolidated and has filed a Motion to Dismiss this suit. The Company intends to vigorously defend this suit, but no assurance can be given about the outcome of the litigation.

American Express

American Express Travel Related Services Company, Inc. has filed a lawsuit against the Company and Sanswire Networks LLC (CASE NO: CACE 08-013239, Broward County Florida), seeking to recover a total of $394,919 for unpaid charges on the Companies’ corporate purchasing account. The Company intends to vigorously defend itself in this action.

LEASES AND RENTS

Sanswire's corporate offices are now located at 101 NE 3 rd Ave., Suite 1500, Fort Lauderdale, FL 33301. Base rent is $1,476 per month plus the cost of services used by Sanswire. The lease is for a period of 6 months.

The Company previously leased office facilities at 9050 Pines Blvd., Suite 110, Pembroke Pines, Florida 33024, as of April 1, 2004. This lease will expire in June 2009, and had an initial monthly rent of $5,462.

In November 2004, the Company leased additional adjacent space at the Pembroke Pines, Florida location under the same terms and period as the existing lease, bringing the total monthly rent to $9,186.

In June 2005, the Company negotiated with the landlord to lease an additional 5,000 square feet at 9050 Pines Blvd., Pembroke Pines, Florida 33024. The Company began occupancy of this office in April 2006 and the lease expires in June 2009 with a monthly rent of $9,186 (including sales tax). The Company vacated the premises in March 2006, having turned over the space to Gotham Financial as part of the sale of the Stored Value assets to Gotham. However, there was unpaid rent due on both the first and second floor suites. In August 2007, the landlord received a judgment in the amount of $206,730 of which $115,693 was accrued for in 2006 as it relates to 2006 expenses. The balance was accrued in 2007.

Until September 2007, the Company leased a 66,000 square foot space hanger in Palmdale, California. The initial lease, between Sanswire Networks, LLC and the City of Los Angeles World Airports, was for a term of three months, ended July 22, 2005 with a monthly rent of $19,990. On June 8, 2005 the lease term was amended for fifteen months, commencing June 8, 2005 through September 7, 2006, with two one-year options. Concurrently with the signing of the amended lease, the parties entered into a reimbursement agreement to share the cost of certain improvements.

As of October 2007, Sanswire no longer occupies a hangar at Palmdale Regional Airport, the monthly cost of this space was $20,847. This facility was adjacent to the United States Air Force’s Plant 42 and Edwards Air Force Base. Sanswire constructed and tested Stratellite and Sky Sat prototypes at the facility. The hangar also included administrative office space. Sanswire is indebted to Los Angeles World Airports, the lessor of the hangar, in the amount of $161,761.

Future minimum rental payments required under the above operating leases are as follows:

2008	$	33,328
2009 and thereafter		2,952
	$	36,280

Rent expense for 2007 and 2006 were $285,033 and $658,522, respectively.

NOTE 9. INCOME TAXES

Deferred income taxes and benefits for 2007 and 2006 are provided for certain income and expenses, which are recognized in different periods for tax and financial reporting purposes. The tax effects (computed at 15%) of these temporary differences and carry-forwards that give rise to significant portions of deferred tax assets and liabilities consist of the following:

	2006	**Current Period Changes**	**2007**
Deferred tax assets:			

Net operating loss carryforwards	$	13,108,573	$	1,740,822	$	14,849,395
		13,108,573		1,740,822		14,849,395
Valuation allowance		(13,108,573)		(1,740,822)		(14,849,395)
Net deferred tax asset	$	—	$	—	$	—

A reconciliation of income benefit provided at the federal statutory rate of 15% to income tax benefit is as follows:

		2007		2006
Income tax benefit computed at federal statutory rate	$	(1,740,822)	$	(3,196,029)
Depreciation		—		289,914
Losses not benefited		1,740,822		2,906,115
	$	—	$	—

The Company has accumulated net operating losses, which can be used to offset future earnings. Accordingly, no provision for income taxes is recorded in the financial statements. A deferred tax asset for the future benefits of net operating losses and other differences is offset by a 100% valuation allowance due to the uncertainty of the Company's ability to utilize the losses. These net operating losses begin to expire in the year 2021.

At the end of 2006, the Company had net operating loss carry-forwards (including those of its successor due to accounting for the reincorporation as an "F" reorganization under the Internal Revenue Code) of approximately $81,429,083, which expire at various dates through 2021.

NOTE 10. COMMON STOCK TRANSACTIONS

During the year ended December 31, 2007, the Company issued the following shares of Common stock:

SHARES	CONSIDERATION		VALUATION
5,584,932	Settlement of Debts	$	5,955,565
770,870	Services - Performance Bonus		300,639
3,750,000	Exercised Warrants		750,000
2,521,037	Services - Performance Bonus		614,592
177,910	Stock for Brokers Fees		16,012
2,475,000	Consulting Services		640,000
2,261,956	Converted Notes Payable and Accrued Interest		355,444
1,864,286	Deposit for Joint Venture		261,000
880,103	Stock for Directors Fees		95,864

During the year ended December 31, 2006, the Company issued the following shares of Common stock:

SHARES	CONSIDERATION		VALUATION
38,472	Settlement of Debt	$	150,810
1,953,830	Exercised Stock Options		*
2,727,272	Exercised Warrants for Cash		6,341,148
1,000,000	Converted Preferred Series C		*
10,325	Consulting Services		23,750
3,000,000	Converted Notes Payable and Accrued Interest		*
666,667	Stock for Debt		2,386,660
500,000	Services - Performance Bonus		295,000
204,828	Settlement of Debt		86,790
1,166,667	Converted Preferred Series D		*
10,640	Services - Performance Bonus		2,979

* The valuation amounts of the above common stock transactions are based on the amounts that common stock and related additional paid-capital were increased (decreased) upon recording of each transaction. For exercises of stock options, no values are indicated, whereas the options were valued and the additional paid-in capital account was increased upon the original issuance (grant) of the options and no additional charges were recorded upon exercise of the options. For conversions of preferred stock, the valuation indicated is the recorded amount of the preferred stock upon original issuance of the preferred shares, which amount was reclassified to common stock and related additional paid-in capital upon conversion. Where preferred stock was originally issued for broker's fees (instead of cash) and, accordingly, no monetary compensation was received or recorded by the Company for the preferred shares issued, the listed common stock valuation is also zero.

For other issuances of shares during the periods described above, the Company-issued restricted shares (Rule 144) of its common stock to consultants and officers for services to the Company. Through December 31, 2004, issuance of restricted shares (Rule 144) were valued, due to limitations in current marketability, by the Company based upon half of the average bid and asked price of the Company's shares on the date of issuance, unless the services provided were valued at another amount as agreed upon between the parties.

Effective January 1, 2005, the Company adopted the policy of valuing all shares of common stock issued in consideration for services at the closing price of the shares on the date of issuance or date of Board approval or agreement, if earlier, regardless of whether the shares are issued or restricted or free-trading, except for instances where the closing price is based on contractual agreements.

NOTE 11. STOCK OPTIONS AND WARRANTS

During the year ended December 31, 2007, the Company issued the following options to acquire Common stock:

Date Issued	Shares	Consideration		Valuation	Relationship
3/19/2007	500,000	Employee Bonus	$	130,753	Non Executive Employee
3/28/2007	2,000,000	Officer Stock Option Grant	$	352,093	Chief Operating Officer
4/12/2007	2,000,000	Officer Stock Option Grant	$	347,676	Chief Operating Officer
4/13/2007	958,000	Employees Bonus	$	167,670	Non Executive Employees
5/22/2007	4,078,945	Employees Bonus	$	504,470	Executive Employees
6/15/2007	1,500,000	Officer Severance/Bonus	$	266,296	Chief Operating Officer
8/20/2007	55,555	Employees Bonus	$	5,408	Non Executive Employee
8/30/2007	1,833,333	Officer Severance/Bonus	$	116,236	Former Chief Executive Officer
10/18/2007	750,000	Employees Bonus	$	32,389	Non Executive Employee

During the year ended December 31, 2006, the Company issued the following options to acquire Common stock:

Date Issued	Shares	Consideration		Valuation	Relationship
4/6/2006	159,793	Director Bonus	$	212,660	Former Directors
7/4/2006	133,967	Director Bonus	$	97,595	Former Directors
10/4/2006	123,967	Director Bonus	$	32,274	Former Director
10/10/2006	1,585,488	Director Severance/Bonus	$	219,200	Former Director
12/29/2006	2,109,260	Employees Bonus	$	497,399	Non Executive Employees

See below for more information regarding vesting term and exercise prices.

All options were fully vested and thus there was no deferred compensation.

The above scheduled stock options were recorded at fair market value under SFAS 123R (see Note 1 above). The fair value of the options at the time of issuance was determined using the Black-Scholes option-pricing model with the following assumptions:

Risk free interest rate	4.50%
Expected life	3 years
Expected volatility	65-112%
Expected dividend yield	0%

STOCK OPTION BONUS PLANS

In November 2005, the Company established its 2005 Stock Option Bonus Plan, wherein the board of directors authorized the issuance of stock options for restricted shares totaling 1,509,180 shares to the officers and employees of the Company as payment of accrued bonuses through December 31, 2005. The stock options are exercisable at $2.12, based on the closing market price of the Company's free-trading shares on the date the options were granted. Through the date of this report, none of these options have been exercised.

During 2005, the board of directors authorized the issuance of stock options for restricted shares totaling 199,490 shares to the directors of the Company as board members' compensation for services through December 31, 2005. The stock options are exercisable at various amounts, ranging from $1.99 to $4.35 per share, based on the closing market price of the Company's free-trading shares on the date the options were granted, except for a now former director who was issued 37,500 and 30,000 options shares at $1.49 and $0.99, respectively. Through the date of this report, none of these options have been exercised.

All of the options granted during 2007 and 2006, unless otherwise discounted as noted above, were exercisable based on the closing market price of the Company's free-trading shares.

2004 STOCK OPTIONS EXERCISED IN 2006

During 2006, a total of 1,953,830 of the above options shares were exercised and issued (net of shares used to pay for "cashless" options"), with payment in cash and common stock subscriptions receivable totaling $85,788 pursuant to the 2004 Stock Option Bonus Plan, the Officers' Stock Option Grant Plan, and for accrued board members' stipends, and, furthermore, these shares were registered by the Company's filing a Form S-8 registration statement. The number of shares registered were allocated to the individuals exercising the options based a ratio of the number of options held by each individual to the total number of options held by all individuals. Employee options vest according to the terms of the specific grant and expire from 3 to 5 years from date of grant. As of December 31, 2007, all options issued and outstanding have fully vested and thus there was no deferred compensation, Stock option activity for the years ended December 31, 2007 and 2006 was as follows:

	Number of Options (in shares)	Weighted Average Exercise Price
Outstanding at December 31, 2005	21,652,867	$ 1.114
Options Granted	4,112,475	.822
Options Exercised	(1,953,830)	.675
Options Cancelled	(28,643)	.675
Options Forfeited	(3,609,267)	2.253

Outstanding at December 31, 2006	20,173,602	$	.894
Options Granted	13,675,833		.265
Options Forfeited	(5,144,265)		.864
Outstanding at December 31, 2007	28,705,170	$	.600

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As of December 31, 2007, the exercise price of all options outstanding exceeds the market price of the Company's stock, and therefore there was no intrinsic value.

WARRANTS

On September 6, 2006, the Company entered into subscription agreements with several investors whereby these investors were issued Class A and Class B Warrants. The investors received one Class A Warrant to purchase one share of common stock for every two shares that the notes were convertible into on the closing date as well as one Class B Warrant to purchase the identical number of shares.

The Class A Warrants are exercisable for a purchase price equal to 150% of the market price on the day prior to closing and the Class B Warrants are exercisable for a purchase price equal to 200% of the market price on the day prior to closing which calculates to 3,602,190 warrants ranging from $.66 to $1.26. The Warrants have a 5 year term.

On April 13, 2007, the Company agreed to reprice the exercise price of warrants previously packaged with a previous Convertible Note financing from 2006 to $.20 per share, and increased the number of shares issuable upon exercise of such warrants 1.5 times the original amount of warrants issued. In consideration of the aforementioned one of the investors exercised their warrants which resulted in the issuance of 2,250,000 additional warrants.

On May 1, 2007, the Company executed several Certificates of Adjustments for the previously issued Warrants. The Warrants previously had Exercise Prices ranging from $0.75 to $1.00 and with the execution of the adjustments; the Exercise Prices were then modified to $0.196. The Company recognized a $140,487 loss from the increase in fair value from the modification of warrants. In January 2008, the Company issued certificates of adjustment for certain convertible debentures and warrants issued pursuant to the 2006 financing to $.105 per share. The Company does not anticipate any additional charge related to this modification due to the new price being above market price at the time of the modification.

In December 2006, the Company entered into financing agreements for convertible promissory notes payable whereby these investors were issued Class A and Class B warrants. The Class A and B warrants are exercisable for a purchase price of $.21 and $.315, respectively. The warrants have a 2 year term.

In December 2007, the Company entered into financing agreements for convertible promissory notes payable whereby these investors were issued Class A and Class B warrants. The Class A and B warrants are exercisable for a purchase price of $.21 and $.315, respectively. The warrants have a 2 year term.

The following table summarizes certain information about the Company's stock warrants.

	Warrants Class A	Warrants Class B	Weighted Average Exercise Price
Outstanding at December 31, 2005	2,727,272	—	$ 2.500
Warrants Granted	3,736,701	1,801,095	1.994
Warrants Exercised	(2,727,272)	—	2.500
Outstanding at December 31, 2006	3,736,701	1,801,095	1.994
Warrants Granted	8,121,428	3,914,285	0.242
Warrants Exercised	(3,750,000)	—	0.200
Outstanding at December 31, 2007	8,108,129	5,715,380	$ 0.330

The fair value of the warrants issued during 2007 was determined using the Black-Scholes option-pricing model with the following assumptions:

Risk free interest rate	4.50%
Expected life	2-5 years
Expected volatility	58-112%
Expected dividend yield	0%

NOTE 12. PREFERRED STOCK

SERIES D

On July 28, 2004, the Company agreed to sell 1,000 shares of Series D Preferred Stock of the Company to Mitchell A. Siegel, former Chief Operating Officer and Vice President and Director of the Company. The Company used $1 million of this investment for working capital and purchase of equipment necessary to expand the Company's stored value card programs.

Mitchell A. Siegel agreed to advance $1 million to the Company in four (4) quarterly installments beginning August 2004. The agreement was subsequently modified for the installment period to be semi-annual and to begin in October 2004. Mr. Siegel had remitted the initial $250,000, and in June 2005, remitted the second $250,000. The Company does not expect to receive the remaining $500,000 in stock subscriptions receivable from Mr. Siegel. Mr. Siegel converted his shares in October 2006.

As of the date of this report the Company has no preferred shares issued and/or outstanding.

NOTE 13. SUBSEQUENT EVENTS

<u>Corporate Name Change</u>

On September 22, 2008 we filed a Certificate of Merger with the Secretary of State of the State of Delaware pursuant to which our wholly owned subsidiary, Sanswire Corp., a Delaware corporation, was merged into us. As a result of the filing of the Certificate of Merger, our corporate name was changed from GlobeTel Communications Corp. to Sanswire Corp.

<u>Agreement with TAO Technologies GmbH</u>

In June 2008 the Company restructured its November 2007 agreement with TAO Technologies GmbH and Professor Bernd Kroplin. The new agreement called for the establishment of a new US-based joint venture company to be called Sanswire-TAO that was to be owned equally by TAO and Sanswire Corp. Additionally, Sanswire-TAO would register the patents and intellectual property of TAO Technologies and Kroplin in the United States for the exclusive use of Sanswire-TAO. The agreement also covered Canada and Mexico. Further, the compensation for the assets was reduced from $12 million in cash and stock to $3.5 million in cash and stock. With the $391,000 paid during 2007, the remaining balance of $3,109,000 is payable in cash over the next three years. During 2008, the Company has paid an additional $418,000, consisting of $150,000 in cash and 2.68 million shares valued at $268,000.

Future minimum payments required under the new agreement, referenced above, subsequent to the year ended December 31, 2007 are as follows:

2008	$	870,000
2009 and thereafter		2,239,000
	$	3,109,000

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Dismissal of Dohan & Co. PA

On January 4, 2007, the Audit Committee of the Board of Directors dismissed Dohan & Co., CPAs PA as the Company's certifying accountant.

During the two years ended December 31, 2005 and the subsequent interim periods until the change, there were no disagreements with Dohan & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Dohan & Co. would have caused them to make reference in connection with their report to the subject matter of the disagreement, and Dohan & Co. has not advised the Company of any reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

The report of independent registered public accounting firm of Dohan & Co. as of and for the two years ended December 31, 2005, as restated, did not contain any adverse opinion or disclaimer of opinion, nor was it qualified or modified as to audit scope or accounting principle.

Appointment of Weinberg, PA

The Board of Directors of the Company appointed Weinberg & Company, P.A. of Boca Raton, Florida as the Company's new independent registered public accounting firm to audit and certify our financial statements for fiscal year ended December 31, 2006. Weinberg & Company has accepted this appointment and has been engaged by the Company. During the most recent fiscal year and through April 13, 2007, neither the Company nor any one on behalf of the Company has consulted with Weinberg & Company, P.A. regarding the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Registrant's financial statements, or any other matters or reportable events required to be disclosed under Items 304 (a)(2) (i) and (ii) of Regulation S-K.

ITEM 8A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation under the supervision and with the participation of Jonathan Leinward, the Company's Chief Executive Officer and Principal Financial Officer (the "Reviewing Officer"), of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2007. In designing and evaluating the Company's disclosure controls and procedures, the Company and its management recognize that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, the Company's management was required to apply its reasonable judgment. Furthermore, in the course of this evaluation, management considered certain internal control areas, including those discussed below, in which we have made and are continuing to make changes to improve and enhance controls. Based upon the required evaluation, the Reviewing Officer concluded that as of December 31, 2007, the Company's disclosure controls and procedures were not effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

For the year ended December 31, 2003, the Company's independent auditors, Dohan and Company, CPA's, P.A. ("Dohan") advised management and the Board of Directors by a letter dated March 30, 2004, that in connection with its audit of the Company's consolidated financial statements for the year ended December 31, 2003, it noted certain matters involving internal control and its operation that it considered to be a material weakness under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to an independent auditors' attention that, in their judgment, relate to significant deficiencies in the design or operation of internal control and could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Further, a material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Dohan advised management and the Board of Directors that it considered the following to constitute material weaknesses in internal control and operations: (i) the Company's failure to adequately staff its finance group to effectively control the increased level of transaction activity, address the complex accounting matters and manage the increased financial reporting complexities and (ii) the Company's current monthly close process does not mitigate the risk that material errors could occur in the books, records and financial statements, and does not ensure that those errors would be detected in a timely manner by the Company's employees in the normal course of performing their assigned functions. Dohan noted that these matters were considered by them during its audit and did not modify the opinion expressed in its independent auditor's report dated March 30, 2004.

In light of the letter from Dohan, we identified deficiencies in our internal controls and disclosure controls related to our accounting and audit procedures. Specifically, the identified deficiencies involved the ineffective controls over (i) revenue reporting, (ii) audit preparation procedures and (iii) financial reporting procedures.

Remediation of Material Weaknesses

We have formulated a program to remedy the material weaknesses identified above. In the first phase of the program, already completed as of September 30, 2007, we have hired outside accountants and consultants to review our financial statements and prepare the restatement of our financial statements.

Additionally we determined that the Company had ineffective controls over revenue recognition. Our remediation measures relating to revenue recognition include a review by management of revenue items other than normal sales and also the discontinuation of the operations of our Centerline Communications LLC subsidiary for which we have restated revenue.

In the second phase of the program, commencing with the filing of our restated financial statements, we will be implementing certain new policies and procedures such as:

a. Seeking to recruit board members independent of management;

b. Granting Board committees standing authority to retain counsel and special or expert advisors of their own choice;

c. Seeking outside review of acquisition transactions

Changes in Internal Control Over Financial Reporting

Except as set forth above, there have been no changes in our internal control over financial reporting that occurred during the year ended December 31, 2007 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting in accordance with Exchange Act Rule 13a-15. With the participation of our chief executive officer and chief financial officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2007 based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2007, based on those criteria. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

This annual report does not include an attestation report of the Company's registered accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission.

ITEM 8B. OTHER INFORMATION

BOARD APPOINTMENTS AND RESIGNATIONS

On January 5, 2006, the Company announced the appointment of Michael P. Castellano to the Board of Directors. As an independent director, Mr. Castellano will fulfill the role as Chairman of Sanswire's Audit Committee as a qualified financial expert under Sarbanes-Oxley. He will also serve on Sanswire's Compensation and Nominating Committees.

On January 11, 2006, the Company announced the appointment of Dorian B. Klein to its Board of Directors. Mr. Klein also serves on Sanswire 's Audit, Compensation and Nominating Committees.

On February 17, 2006, the Company announced that Sir Christopher Meyer, its Non-Executive Chairman, had requested a change in his status, effective March 19, 2006, to that of an Independent Director. As a result of his current professional obligations and commitments in the U.K., Sir Christopher had advised the Board that he felt unable to commit the time to the Chairmanship of Sanswire that the Company's shareholders had the right to expect.

On March 20, 2006, Sir Christopher Meyer elected to step down completely from Sanswire’s Board, after further considering the time that he had available to devote to the Company.

On March 23, 2006, the Company announced that J. Randolph Dumas, Vice Chairman, has been elected Chairman of the Board of Directors, succeeding Sir Christopher Meyer, who remained with the Company as Chairman of the GlobeTel International Advisory Board.

On October 7, 2006, J. Randolph Dumas, Dorian Klein, Amb. Amb. Ferdinando Salleo, and Timothy Huff resigned as directors of the Company (Mr. Huff also resigned as CEO) and Przemyslaw Kostro and Peter Khoury were appointed as directors. Mr. Khoury was also appointed as CEO.

On March 14, 2007, Michael Castellano and Patrick Heyn resigned as directors of the Company. Mr. Castellano also served as chairman of the Audit Committee.

On September 7, 2007, Peter Khoury resigned as director of the Company. Mr. Khoury also resigned as CEO.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Name	Age	Position with Company
Jonathan Leinwand	38	Chief Executive Officer, Director
Przemyslaw Kostro	45	Chairman of the Board

All directors hold office until the next annual meeting of our stockholders and until their successors have been elected and shall qualify. Officers serve at the discretion of our Board of Directors.

Name	Age	Position with Company
Przemyslaw Kostro	45	Chairman
Michael Castellano (a)	__	Director
Patrick Heyn (b)	__	Director
Peter Khoury (c)	__	Director, CEO
Jonathan Leinwand	38	Director, CEO

(a) Resigned March 14, 2007
(b) Resigned March 14, 2007
(c) Resigned September 7, 2007

Jonathan Leinwand

Jonathan Leinwand, Chief Executive Officer and Director, joined Sanswire as General Counsel in June 2005 and became a director in August 2005. He was appointed CEO in September 2007. Prior to joining Sanswire, he was in private practice since 1996 concentrating in the areas of corporate and securities law, representing a number of public companies. As part of his practice, Mr. Leinwand also served as a deal-maker for several US and foreign corporations arranging strategic alliances and funding both in the US and abroad. Mr. Leinwand graduated from the University of Miami with honors degrees in Political Science and Communications and graduated cum laude from the University of Miami School Of Law.

Przemyslaw L. Kostro

Przemyslaw L. Kostro, Chairman, was first elected to the Board of Directors in November 2001. From November 2001 to April 2002, Mr. Kostro also served as the CEO of Sanswire before relinquishing the position to Timothy Huff. Over the past five years, Mr. Kostro has been an attorney engaged in international law, and has been providing professional and consulting services to several large and mid-sized entities in Europe. Mr. Kostro resigned as a Director in October 2005 and was reappointed as Director and Chairman of the Board in October 2006.

Michael P. Castellano

Michael P. Castellano is a certified public accountant with more than 40 years of experience in the financial sector. His distinguished career includes executive positions in corporate accounting, finance, and administration at renowned companies such as Avis, Inc., E.F. Hutton, Inc., and Fidelity Investments. At Fidelity, he held the positions of Vice President and Corporate Controller and was later appointed Senior Vice President and Chief Accounting Officer of the Fidelity Institutional Group. He was also a director and head of the Audit Committee for Puradyn Filter Technologies from 2001 through 2005 and ResortQuest International, a New York Stock Exchange listed property management company, from 2002 until November 2003 when it was acquired by Gaylord Entertainment. Mr. Castellano currently serves as a director and chairman of the Audit Committees of Sona Mobile and Sun Capital Advisers Trust. Mr. Castellano resigned as a Director on March 14, 2007.

Patrick Heyn

Mr. Heyn is a Partner in the Audit and Accounting department of Daszkal Bolton LLP where he is responsible for ensuring the quality and technical accuracy of all auditing services performed for public and private companies. Mr. Heyn obtained his Bachelor in Business Administration degree in Accounting from Columbus State University and his Master in Professional Accountancy degree from Georgia State University in Atlanta. He is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants. Mr. Heyn is certified as a CPA in both Florida and Georgia. Mr. Heyn resigned as a Director on March 14, 2007.

Peter Khoury

Mr. Khoury is the founding partner and former CEO of International Consulting Services, a global telecommunications practice focused on assisting companies with entering and effectively competing in an aggressive communications market. Mr. Khoury oversaw ICS's global operations and its business development practices. After graduating from the University of Sydney with an Honours degree in Chemical Engineering, Mr. Khoury obtained additional degrees in Computer Science and Business Administration. His career began as a Systems Engineer at IBM. He later joined companies Andersen Consulting and Digital Equipment, where he managed key assignments in the telecommunications, finance and insurance sectors in Singapore, Hong Kong, Japan, Australia and New Zealand. Mr. Khoury resigned as a Director on September 7, 2007.

(B) COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires that our officers and directors, and persons who own more that ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and with any exchange on which the Company's securities are traded. Officers, directors and persons owning more than ten percent of such securities are required by Commission regulation to file with the Commission and furnish the Company with copies of all reports required under Section 16(a) of the Exchange Act. Based solely upon our review, we did not disclose any failures to file reports under Section 16(a) of the Exchange Act.

Code of Ethics

We have not adopted a code of ethics.

Audit Committee Financial Expert

We do not have an audit committee financial expert because the Company has been unable to appoint such a qualified person during the period when the Company has been restating its financial statements and becoming current with its financial statements. At such time as the Company has become up-to-date with its filings, it believes it will be in a position to appoint a qualified individual to act as the audit committee financial expert.

ITEM 10. EXECUTIVE COMPENSATION.

Name & Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Timothy Huff, CEO	2006	176,014(a)	—	—	—	—	—	—	176,014
Mitchell Siegel, COO	2006	103,825(a)	—	—	—	—	—	—	103,825
Thomas Jimenez, CFO	2006	146,067(a)	—	—	—	—	—	—	146,067
Stephen King, Sr. VP	2006	75,903(a)	—	—	—	—	—	—	75,903
Lawrence Lynch, CFO	2006	109,271(a)	—	—	—	—	—	—	109,271
Joseph Seroussi, CTO	2006	101,520(a)	—	—	—	—	—	—	101,520
Jonathan Leinwand, CEO, Director	2007	46,153	—	240,000	—	—	—	—	286,153
Jonathan Leinwand, Secretary	2006	120,008	—	2,979	—	—	—	—	122,987
Peter Khoury, CEO	2006	62,500	—	—	—	—	—	—	62,500

a) Effective January 1, 2002, Sanswire entered into a three-year employment agreements with its key management. Effective 2005, the agreements were renewed automatically on a year-to-year basis.

In 2005, the agreements provided a base compensation remained at $200,000 for its Chief Executive Officer (CEO). The Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Technology Officer CTO and General Counsel all had base compensation of $175,000. The Company also entered into employment contracts with the Executive Vice Chairman (EVC) and Senior Vice President (SVP) of Finance. The EVC agreement called for annual salaries of $250,000 plus signing bonuses equal to 2.5% of the outstanding shares of the Company as of December 31, 2005. The EVC is also entitled to stock salary in stock options totaling $750,000 per year for three years at $1.21 per share. The SVP Finance agreement calls for annual salaries of $195,000 plus bonuses amounting to 2% of the outstanding shares of the Company's stock at the end of the year, payable in the form of stock options.

OUTSTANDING EQUITY AWARDS

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Timothy Huff	1,647,442	—	—	0.675	December 31, 2007	—	—	—	—
	116,527	—	—	0.675	April 1, 2007	—	—	—	—
Thomas Jimenez	877,810	—	—	0.675	December 31, 2007	—	—	—	—
Jerrold Hinton	569,416	—	—	0.675	December 31, 2007	—	—	—	—
Mitchell Siegel	1,093,113	—	—	0.675	December 31, 2007	—	—	—	—
Jonathan Leinwand	921,052	—	—	0.190	May 22, 2010	—	—	—	—
	1,400,000	—	—	0.105	October 18, 2010	—	—	—	—
	2,916,667	—	—	0.090	January 10, 2011	—	—	—	—
Leigh Coleman	574,438	—	—	0.675	December 31, 2007	—	—	—	—

COMPENSATION OF DIRECTORS

The following table summarizes the compensation for our non-employee board of directors for the fiscal year ended December 31, 2007:

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (g)	Total ($) (j)
Przemyslaw Kostro, Chairman (2007)	—	—	18,750	—	—	—	18,750
Patrick Heyn (2007)	—	—	—	—	—	—	—
Michael Castellano (2007	—	—	—	—	—	—	—
Peter Khoury (2007)	103,332	76,099	278,968	—	—	—	458,399

Compensation paid to Directors who are also officers of the Company is reflected in Item 10. Executive Compensation. We maintain a policy of compensating our directors using cash and stock options. Currently, the Company determines Board compensation on an individual basis. Employee members of the Board do not receive additional compensation for their service on the Board.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.
Common Stock

As of September 23, 2008, there were 158,753,208 common shares issued and outstanding. The table below sets forth the share ownership of our executive officers and directors, individually and as a group. No other person is the beneficial owner of more than 5% of our issued and outstanding common shares

Title of Class	Name & Address of Beneficial	Amount and Beneficial	Nature of Ownership	Percentage of Class (1)
Common Stock	Przemyslaw L. Kostro Chairman 101 NE 3 rd Ave, Suite 1500, Fort Lauderdale, Florida 33301	—	—	0.00%
Common Stock	Jonathan Leinwand, CEO Since October 2007 and Director Since August 2005 101 NE 3 rd Ave, Suite 1500, Fort Lauderdale, Florida 33301	1,851,111	Direct	1.17%
	Total of all Officers and Directors as a Group	1,851,111		1.17%

(1) Based on 158,753,208 shares issued and outstanding on September 23, 2008.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

See Item 7, Notes 10 and 11 Common Stock Transactions and Stock Option, respectively, to the Notes to Consolidated Financial Statements.

Director Independence

Mr. Kostro is independent as that term in defined under section 301 of the Sarbanes-Oxley Act of 2002 .

ITEM 13. EXHIBITS

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Incorporation (filed as Exhibits 3.1, 3.2 and 3.3 to the Company's Registration Statement on Form 10-SB and incorporated herein by reference)
3.2	Certificate of Merger (incorporated by reference to Form 8-K filed September 25, 2008).
3.3	Bylaws (filed as Exhibit 3.4 to the Company's Registration Statement on Form 10-SB and incorporated Herein by reference)
10.1	Material Contracts-Consulting Agreements and Employment Agreements (filed as Exhibits to Registration Statements on Form S-8 and post-effective amendments thereto and incorporated herein by reference)
10.2	Asset Purchase Agreement between the Company and Sanswire, Inc.(incorporated by reference)
10.3	Asset Purchase Agreement between the Company and Stratodyne,Inc. (incorporated by reference)
10.4	Subscriptions Agreements between the Company and Preferred Series A,B,C, and D shareholders (incorporated by reference)
21	Subsidiaries (incorporated by reference to Form 10-KSB for year ended December 31, 2006)
31.1	Certification of Chief Executive Officer and Principal Financial Officer required by Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

The following table summarizes the fees charged by Weinberg & Company for services rendered to the Company during 2007 and 2006.

	Amount	
Type of Fee	**Fiscal Year 2007**	**Fiscal Year 2006**
Audit(1)	$ 50,858	$ —
Audit Related(2)	—	—
Taxes (3)	—	—
All Other (4)	—	—
Total	$ 50,858	$ —

The following table summarizes the fees charged by Dohan & Company for services rendered to the Company during 2007 and 2006.

	Amount	
Type of Fee	**Fiscal Year 2007**	**Fiscal Year 2006**
Audit(1)	$ 63,870	$ 58,430
Audit Related(2)	—	—
Taxes (3)	—	—
All Other (4)	—	—
Total	$ 63,870	$ 58,430

(1) This category consists of fees for the audit of our annual financial statements included in the Company's annual report on Form 10-KSB and review of the financial statements included in the Company's quarterly reports on Form 10-QSB. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements, statutory audits required by non-U.S. jurisdictions and the preparation of an annual "management letter" on internal control matters.

(2) Represents services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for those fiscal years, aggregate fees charged for assurance and related services that are reasonably related to the performance of the audit and are not reported as audit fees. These services include consultations regarding Sarbanes-Oxley Act requirements, various SEC filings and the implementation of new accounting requirements.

(3) Represents aggregate fees charged for professional services for tax compliance and preparation, tax consulting and advice, and tax planning.

(4) Represents aggregate fees charged for products and services other than those services previously reported.

Dohan and Company CPAs billed approximately $66,303 for professional services rendered for the audit of our annual financial statements for fiscal year 2005. This also included reviews of the financial statements included in our Forms 10-Q for the fiscal year and assistance in filing various proxy statements. Dohan & Company has estimated the fees associated with their review of the restated financial statements will be $10,000.

The above fees were pre-approved by the audit committee based on estimated budgets presented to the audit committee.

SIGNATURES

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

SANSWIRE CORP.

By:	/s/ Jonathan Leinwand Name: Jonathan Leinwand , Title: Chief Executive Officer (Principal Executive Officer)
	Dated October 8, 2008

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGNATURE	TITLE	DATE
/s/ Jonathan Leinwand Jonathan Leinwand	Chief Executive Officer, Principal Financial Officer and Director	October 8, 2008
/s/ Przemyslaw Kostro Przemyslaw Kostro	Chairman of the Board	October 8, 2008