COMPETITIVE COMPANIES INC
Form 10-Q
November 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended: **September 30, 2013**

or

¨ **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**: 333-76630**

Competitive Companies, Inc.

(Exact Name of registrant as specified in its charter)

Nevada	**65-1146821**
(State or other jurisdiction of incorporation)	

(IRS Employer
I.D. No.)

19206 Huebner Rd., Suite 202

San Antonio, TX 78258

(Address of principal executive offices and Zip Code)

(210) 233-8980

(Registrant's telephone number, including area code)

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 past 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No ¨

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

Yes ý No ¨

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

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ý

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No ý

As of November 11, 2013, there were 335,621,533 shares outstanding of the registrant's common stock.

COMPETITIVE COMPANIES, INC.

FORM 10-Q

September 30, 2013

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

COMPETITIVE COMPANIES, INC.

CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets		
Current assets:		
Cash	$618,340	$184,195
Accounts receivable, net of allowance of $4,100 and $4,100	6,359	1,620
Equipment held for installation	473,241	–
Total current assets	1,097,940	185,815
Property and equipment, net	45,962	40,335
Other assets:		
Deposits	10,858	6,903
Total assets	$1,154,760	$233,053
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable	$59,580	$84,610
Accrued expenses	207,294	169,918
Deferred revenues	3,824,480	727,500
Notes payable	67,006	67,006
Convertible debentures, net of discounts of $0 and $65,204	276,500	693,796
Derivative liabilities	–	96,642
Total current liabilities	4,434,860	1,839,472
Long-term liabilities:		
Convertible debentures, net of discount of $0	476,915	–
Total liabilities	4,911,775	1,839,472

Stockholders' (deficit):		
Preferred stock, $0.001 par value 100,000,000 shares authorized:		
Class A convertible, no shares issued and outstanding with no liquidation value	–	–
Class B convertible, 1,495,436 shares issued and outstanding with no liquidation value	1,495	1,495
Class C convertible, 1,000,000 shares issued and outstanding with no liquidation value	1,000	1,000
Common stock, $0.001 par value, 500,000,000 shares authorized, 335,621,533 and 311,779,045 shares issued and outstanding at September 30, 2013 and December 31, 2012	335,618	311,778
Additional paid-in capital	5,442,999	5,276,154
Accumulated (deficit)	(9,538,127)	(7,196,846)
Total stockholders' (deficit)	(3,757,015)	(1,606,419)
Total liabilities and stockholders' (deficit)	$1,154,760	$233,053

See accompanying notes to consolidated financial statements.

3

COMPETITIVE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Revenue	$18,782	$33,821	$53,315	$65,380
Cost of sales	11,154	15,803	40,208	48,129
Gross profit	7,628	18,018	13,107	17,251
Expenses:				
General and administrative	659,668	193,501	1,805,939	622,895
Salaries and wages	180,409	114,229	519,659	241,126
Depreciation and amortization	1,353	975	3,648	2,634
Bad debts	–	–	–	1,300
Total operating expenses	841,430	308,705	2,329,246	867,955
Operating loss	(833,802)	(290,687)	(2,316,139)	(850,704)
Other income (expense):				
Interest expense	(26,756)	(2,479)	(128,115)	(97,453)
Other income	1,529	282,918	5,551	280,019
Gain on disposal of assets	–	–	780	–
Change in fair market value of derivative liabilities	–	55,000	96,642	129,049
Total other income (expense)	(25,227)	335,439	(25,142)	311,615
Net income (loss)	$(859,029)	$44,752	$(2,341,281)	$(539,089)
Weighted average number of common shares outstanding - basic and fully diluted	335,607,403	274,707,515	330,361,967	242,907,839
Net income (loss) per share - basic and fully diluted	$–	$–	$(0.01)	$–

See accompanying notes to consolidated financial statements.

COMPETITIVE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Nine Months Ended September 30, 2013	2012
Cash flows from operating activities		
Net loss	$(2,341,281)	$(539,089)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of convertible notes payable discounts	65,204	61,030
Bad debts expense	–	1,300
Change in fair market value of derivative liability	(96,642)	(129,049)
Common stock issued for services and compensation	97,250	43,068
Depreciation and amortization	3,648	2,634
Gain on asset disposal	(780)	–
Decrease (increase) in assets:		
Accounts receivable	(4,739)	(899)
Equipment held for installation	(473,241)	–
Deposits	(3,955)	(2,801)
Prepaid expenses	–	15,708
Increase (decrease) in liabilities:		
Accounts payable	(25,030)	(266,736)
Accrued expenses	76,791	47,202
Deposits	–	11,430
Deferred revenues	3,096,980	477,372
Net cash provided by (used in) operating activities	394,205	(278,830)
Cash flows from investing activities		
Purchases of property and equipment	(12,179)	(12,042)
Purchases of securities	–	(1,100)
Proceeds from equipment sales	3,684	–
Net cash used in investing activities	(8,495)	(13,142)
Cash flows from financing activities		
Proceeds from issuance of convertible debentures	50,000	251,000
Principal payments on short term and convertible debentures	(5,000)	(20,000)
Proceeds from exercise of stock warrants	3,435	–
Net cash provided by financing activities	48,435	231,000
Net increase (decrease) in cash	434,145	(60,972)
Cash - beginning	184,195	142,474
Cash - ending	$618,340	$81,502

Supplemental disclosures:		
Interest paid	$–	$97,453
Income taxes paid	$–	$–
Non-cash investing and financing activities:		
Value of shares issued for conversion of debentures	$90,000	$274,500
Refinanced convertible debentures and accrued interest	$276,915	$–
Value of shares issued for subscriptions payable	$–	$34,620
Value of derivative adjustment due to debt conversions	$–	$9,350
Debt discounts	$–	$80,880

See accompanying notes to consolidated financial statements.

5

COMPETITIVE COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

SEPTEMBER 30, 2013

Note 1 – Nature of Business and Basis of Presentation

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

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2012 and notes thereto included in the Company's Form 10-K annual report. The Company follows the same accounting policies in the preparation of interim reports.

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

Through the Company’s subsidiary, Wireless Wisconsin, LLC, the Company provides high speed wireless Internet connections to residents in rural communities, as well as some dial-up internet services to businesses and residents within various markets throughout rural Wisconsin. The Company operates in both a regulated and non-regulated environment.

In the fourth quarter of 2012, the Company began its program of selling FCC Registered Links and related telecommunication equipment.

The consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred continuous losses from operations, has an accumulated deficit of $9,538,127 and a working capital deficit of $3,336,920 at September 30, 2013, and has reported negative cash flows from operations in most periods over the last five years. In addition, the Company does not currently have the cash resources to meet its operating commitments for the next twelve months. The Company’s ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature of the industry in which the Company operates.

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

Note 2 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company’s financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Company's derivative liabilities are measured at fair value and are classified as Level 2 in the fair value hierarchy.

COMPETITIVE COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

SEPTEMBER 30, 2013

Note 3 – Property and Equipment

Property and equipment consist of the following:

	September 30, 2013	December 31, 2012
Telecommunication equipment and computers	$ 19,646	$ 7,497
Furniture and fixtures	41,823	44,851
	61,469	52,348
Less accumulated depreciation	(15,507)	(12,013)
	$ 45,962	$ 40,335

Depreciation expense totaled $3,648 and $2,634 for the nine months ending September 30, 2013 and 2012, respectively.

Note 4 – Notes Payable

Notes payable consists of the following:

	September 30, 2013	December 31, 2012
Unsecured promissory note bearing interest at a rate of 8% per annum, matured on March 2, 2010. Currently in default.	$ 30,000	$ 30,000
	10,000	10,000

Unsecured promissory note bearing interest at rate of 8% per annum, matured on June 15, 2009. Currently in default.		
Unsecured promissory note bearing interest at a rate of 8% per annum, matured on June 15, 2009. Currently in default. .	10,000	10,000
Unsecured note payable to a stockholder, bearing interest at a rate of 8% per annum, matured on February 23, 2011. Currently in default.	17,006	17,006
Total notes payable	$ 67,006	$ 67,006

Interest continues to accrue on these notes as long as they remain outstanding. The Company recorded interest expense on notes payable in the amount of $4,020 and $7,916 for the nine months ended September 30, 2013 and 2012, respectively. The Company intends to pay the outstanding principal and accrued interest when liquidity allows.

7

COMPETITIVE COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

SEPTEMBER 30, 2013

Note 5 – Convertible Debentures

The Company has issued unsecured convertible promissory notes at various times from 2008 through 2013. During the nine months ended September 30, 2013 and 2012, the Company issued convertible promissory notes totaling $50,000 and $251,000, respectively. The notes bear interest at rates at 8% to 12.5% per annum. The notes mature at various times through June 2015.

The principal balance of each note is convertible into shares of the Company’s common stock. The conversion terms of each note varies, but in general, the notes are convertible at a rate equal to a specified percentage (most range from 80% to 90%) of the Company’s average common stock closing price for a short period of time prior to conversion.

Certain convertible promissory notes also carry detachable warrants. As of September 30, 2013, warrants to purchase 4,008,533 shares of the Company’s and Subsidiary’s common stock were outstanding. The warrants have exercise prices ranging from $0.003 to $0.021 per share and are exercisable for a period of two years from the grant date.

In accordance with ASC 470-20 Debt with Conversion and Other Options, the remaining discount totaled $-0- and $194,114 for the variable conversion feature and warrants at September 30, 2013 and 2012, respectively. The discounts are amortized to interest expense over the term of the debentures. The original stated maturity of the remaining convertible debentures was June 30, 2013, and therefore all remaining discount was amortized by that date. Notes with a maturity date of June 30, 2013 totaling $126,500, plus another $50,000 note with a maturity date of January 31, 2013, are all considered to be in default as of July 1, 2013. The Company recorded $65,204, and $61,030 of interest expense pursuant to the amortization of the note discounts during the nine months ended September 30, 2013 and 2012, respectively.

During the nine months ended September 30, 2013, certain convertible debentures issued by Competitive Companies, Inc. (“CCI Notes”) and associated accrued interest were cancelled and new convertible notes were issued by Wytec International, Inc. (“Wytec Notes”). During the nine month period, $276,915 of CCI Notes’ principal and accrued interest were converted to Wytec Notes. The Wytec Notes bear interest at 12.5% per annum, are payable at maturity, and are convertible at a rate of $3.00 per share, subject to adjustment upon the occurrence of certain events. The Wytec Notes have a two-year term. As such, the Wytec Notes referenced above, along with other notes issued by Wytec

International, Inc. for cash proceeds during 2012 and the first quarter of 2013, are classified as long-term liabilities in the accompanying consolidated balance sheet. The Wytec Notes also carry a total of 1,971,533 detachable warrants to purchase common stock of Wytec International, Inc. at an exercisable price of $1.00 per share.

Note 6 – Derivative Liabilities

As discussed in Note 5 under Convertible Debentures, the Company issued convertible notes payable through the conversion of outstanding principal and accrued interest into shares of the Company's common stock. The conversion terms of the convertible notes are variable based on certain factors, including the future price of the Company's common stock. The number of shares of common stock to be issued is based on the future price of the Company's common stock. As of September 30, 2012, the number of shares of common stock issuable upon conversion of promissory notes and warrants exceeds the number of shares of common stock authorized in the Company's Articles of Incorporation. Due to the fact that the number of shares of common stock issuable exceeds the number of authorized shares, the equity environment is tainted and all additional convertible debentures and warrants are included in the value of the derivative. Pursuant to ASC 815-15 Embedded Derivatives, the fair values of the variable conversion option and warrants and shares to be issued were recorded as derivative liabilities on the issuance date.

In accordance with ASC 815-15, the Company determined that the variable conversion feature and the warrants and shares to be issued represented embedded derivative features, and these are shown as derivative liabilities on the balance sheet. The Company estimated the fair value of the compound embedded derivatives associated with the convertible debentures at September 30, 2012. During the second quarter of 2013, certain notes were converted, such that as of June 30, 2013, the number of shares of common stock issuable upon conversion of promissory notes and warrants no longer exceeds the number of shares of common stock authorized in the Company's Articles of Incorporation. As such, the derivative liability was derecognized as of June 30, 2013.

The estimated change in the fair market value of the derivative liabilities totaled $96,642 and $129,049 for the nine months ended September 30, 2013 and 2012, respectively.

COMPETITIVE COMPANIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

SEPTEMBER 30, 2013

Note 7 – Changes in Stockholders’ Equity (Deficit)

During the nine-month periods ended September 30, 2013 and 2012, the Company issued 15,030,500 shares of common stock in exchange for $95,750 of completed services and compensation, and 4,050,000 shares of common stock in exchange for $31,685 of completed services and compensation, respectively.

On October 10, 2012, the Company granted employees options to purchase 3,000,000 shares of common stock exercisable at $0.01 per share with a three year vesting schedule and expiration dates between three years and four years. For the nine month period ending September 30, 2013, the stock- based compensation related to these option grants was $1,500.

During the nine-month periods ended September 30, 2013 and 2012, the Company issued 8,356,988 shares of common stock upon conversion of $90,000 in unsecured convertible promissory notes, and 77,108,517 shares of common stock upon conversion of $274,500 of unsecured convertible promissory notes, respectively.

During the nine-month period ended September 30, 2013, the Company issued 455,000 shares of common stock upon exercise of $3,435 in warrants.

Note 8 – Subsequent Events

None

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

You should read the following discussion and analysis of our financial condition and plan of operations together with our financial statements and related notes appearing elsewhere in this Quarterly Report. Various statements have been made in this Quarterly Report on Form 10-Q that may constitute "forward-looking statements." Forward-looking statements may also be made in Competitive Companies, Inc.'s other reports filed with or furnished to the United States Securities and Exchange Commission (the "SEC") and in other documents. In addition, from time to time, Competitive Companies, Inc. ("CCI," "we," "us," "our," or the "Company") through its management may make oral forward-looking statements. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "could," "would," "likely" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from such statements.   The most important facts that could prevent us from achieving our stated goals include, but are not limited to, the following:

(a) volatility or decline of the Company's stock price;
(b) potential fluctuation in quarterly results;
(c) failure of the Company to earn revenues or profits;
(d) inadequate capital to continue or expand its business, and inability to raise additional capital or financing to implement its business plans;
(e) failure to further commercialize its technology or to make sales;
(f) loss of customers and reduction in demand for the Company's products and services;
(g) rapid and significant changes in markets;
(h) litigation with or legal claims and allegations by outside parties, reducing revenue and increasing costs;
(i) insufficient revenues to cover operating costs;
(j) failure of our Registered Links Program to produce revenues or profits;
(k) aspects of our business are not proprietary and in general we is subject to inherent competition;
(l) further dilution of existing shareholders' ownership in us;
(m) uncollectible accounts and the need to incur expenses to collect amounts owed to the Company; and
(n) the Company does not have an Audit Committee nor sufficient independent directors.

There is no assurance that the Company will be profitable, the Company may not be able to successfully develop, manage or market its products and services, the Company may not be able to attract or retain qualified executives and technology personnel, the Company may not be able to obtain customers for its products or services or successfully compete, the Company's products and services may become obsolete, government regulation may hinder the Company's business, additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants, and stock options, the exercise of outstanding warrants and stock options, or other risks inherent in the Company's businesses. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements.

10

Business

Competitive Companies, Inc. (the “Company” or “CCI”) was originally incorporated in the state of Nevada in October 2001 and acts as a holding company for its operating subsidiaries, Wytec International, Inc. (“Wytec”), Wylink, Inc. (“Wylink”), Wireless Wisconsin LLC (formerly DiscoverNet, Inc.), Innovation Capital Management, Inc. (“ICM”), and Innovation Capital Management LLC (“ICMLLC”), and Capaciti Networks (collectively, the “Subsidiaries”). The Company and its Subsidiaries (sometimes collectively referred to as “CCI”) are involved in providing next generation fixed and mobile wireless broadband Internet services nationally and internationally to both wholesale and retail customers. The Company’s recent developments in municipal and governmental relationships, intellectual property development and new leadership in key personnel, are causing us to shift a significant balance of our focus to delivering an aggregation of unique telecommunication services. These services are in support of the expanding concept of “intelligent city” development. Included in these unique services are the Company’s optimization strategies for assisting municipalities in leveraging current assets for maximum utilization to facilitate the delivery of enhanced broadband service to their communities.

We accomplish these objectives by applying proprietary carrier-grade technology while maintaining a vendor agnostic position. The benefits of this position enable CCI to continually perform its in-depth due-diligence and constantly next generation technology. This allows the Company to meet one of its primary core values of “delivering tomorrow’s communications solutions today.”

CCI is currently in high-level discussions with ten U.S. city governments including Columbus, Ohio. The initial 4GWi-Fi pilot project in Columbus, Ohio consisted of three (3) phases beginning with a 4G Wi-Fi speed test performed on December 5, 2012. As a result of the successful performance in Phase 1 (over 100 Mbps), the city approved Phase 2 to include a 4G Wi-Fi network development through the Department of Technology utilizing key buildings in Columbus, Ohio such as the Center of Science and Industry (“COSI”), Veterans Memorial, Police Headquarters and City Hall. This phase was designed to test certain technical features including load balancing, secure SSID connections, path differentiation, millimeter wave backhaul and stability of mobile throughput speeds.

These tests resulted in another record performance with speeds over 150 Mbps to a laptop computer and resulted in the drafting of CCI’s first contractual agreement with the city for services rendered. The agreement, when completed, is expected to provide for a network development by us covering a substantial portion of the Central Business District (“CBD”) of Columbus, Ohio providing, among other services, direct connections to public safety devices and high capacity Wi-Fi access to commercial enterprises and the extension of the Company’s metro cell deployment designed for carrier offload and machine to machine services. This network infrastructure is expected to be capable of delivering bandwidth services ranging from 5 megabits per second up to 1.5 gigabits per second to midsize and large corporate operations located in the CBD area as well as data transport services to carriers, municipalities and energy operations. Through the Company’s subsidiary, Wireless Wisconsin, LLC, we provide high speed wireless Internet connections to residents in rural communities, as well as some dial-up internet services to businesses and residents within various markets throughout rural Wisconsin. We operate in both a regulated and non-regulated environment. Our current plan now includes the delivery of 4G mobile broadband services via Wi-Fi in major and rural markets throughout the United States.

Wytec International, Inc. designs, manufactures and installs “proprietary” carrier-class Wi-Fi solutions to Mobile Service Operations (“MSOs”), National Telecommunications Operators (“NTOs”) and corporate enterprises. Wytec owns five world-class patents held in a partnership with General Patent Corporation focused on high capacity millimeter wave technology. The Company plans to develop its future network infrastructure utilizing the third generation of its multi-channeling patented technology known as Causeway III™ representing over fifteen years of design, development and installation. The Company has most recently engaged Southwest Research Institute, one of the largest research facilities in the world, to assist in the design of its next generation of millimeter wave enhancements utilizing multi-channeling technology.

Wylink Inc., a wholly owned subsidiary of Wytec, operates and manages a unique sales organization engaged in the sale of FCC registered links (“Registered Links” or “Links”) participating in the 70 and 80 gigahertz licensed frequency program (the “Registered Link Program”). The Registered Link Program allows qualified individuals to own a segment of the “backhaul” infrastructure of the Company’s citywide business deployment. A total of eight cities have been chosen for initial deployment of the Company’s Registered Link Program. The first market, Columbus, Ohio, has most recently sold out of its Registered Links representing 52 Links averaging $25,000 per Link totaling $1,300,000 in sales. Sales for markets two through eight have already begun with active participation. Each market is chosen carefully with multiple considerations including local government acceptance and select city participation. Participation includes access point real estate and fiber optics positioning. Wylink’s management estimates that Wylink’s total sales for 2013 will be 175 Registered Links in eight markets averaging $28,500 per Link totaling approximately $4,987,500 of projected revenue. There is no assurance, however, as to whether or not Wylink will continue to sell more Registered Links or how many Registered Links Wylink will sell in 2013. Furthermore, with each Registered Link it sells, Wylink incurs a liability to provide and install telecommunications equipment at its cost for the Link owner, recorded as deferred revenue in the accompanying consolidated balance sheet, and monthly lease payments for access to a portion of the Link’s capacity.

Innovation Capital Management, Inc. operates as the Company’s private equity placement division focused on raising capital and developing joint ventures and acquisitions, while **Innovation Capital Management, LLC** focuses on structuring strategic marketing relationships for the Company’s products and services. ICM is currently managing the offering of a $5 million private placement for Wytec International, Inc. The offering consists of Convertible Secured Notes of Wytec and is secured by an unperfected security interest in Wytec’s share of net proceeds from the licensing, enforcement and commercial use of its five (5) patents covering Local Multipoint Distribution Service (“LMDS”) technology. The conversion price is $3.00 per share and the notes bear simple interest at the rate of 12% per annum. As of September 30, 2013, Wytec had issued $576,915 of its convertible notes and expects to fully subscribe the offering by November 2013, although there is no assurance as to how much capital Wytec will raise from its offering of notes.

Products

Wireless Wisconsin,LLC

CCI, through its wholly owned subsidiary, Wireless Wisconsin LLC, currently provides residential customers in Western Wisconsin dial-up, DSL, and wireless broadband services. Both DSL and dial-up internet are provided via a wholesale relationship with Ikano Wholesale. This wholesale relationship provides multiple territory access to many markets throughout North America and allows CCI to potentially expand its coverage nationwide. The Company’s local “fixed” broadband wireless services are currently restricted to areas located in western Wisconsin with plans to include mobile 4G Internet access and expand to other Wisconsin markets utilizing millimeter wave backhaul technology.

Wytec International, Inc.

Product sales for CCI are performed through its wholly owned subsidiary, Wytec International, Inc. and include proprietary equipment under the Company's Original Equipment Manufacturer ("OEM") relationships. Future equipment sales will include the Company's patented multi-channeling technology for both licensed and unlicensed spectrum configured for both point to point and point to multipoint network configuration. Primary sales are currently being achieved through Wytec's wholly owned subsidiary, Wylink, Inc., designed to promote the business opportunity afforded under the FCC 70-80 GHz allocation program. In essence, Wylink promotes and sells the opportunity for a qualified applicant to own and operate its own Registered Link established as a part of the CCI backhaul network. Link owners receive income from subscribers of the Link including CCI's commitment to support its Wi-Fi network. To date, Wylink has sold 139 Registered Links representing total sales to date of $3,854,485. Each sale consists of point to point OEM equipment, installation and lease for up to 25% of the capacity of the Link. The Company has authorized a total of 175 Links to be sold for the eight selected markets for an average Link price of $28,500 which would represent approximately $4,987,500 in projected Registered Link sales if all 175 Links were sold.

Wylink, Inc.

As a subsidiary of Wytec International, Inc., Wytec, Inc. was developed as a partnership with General Patent Corporation ("GPC") to hold the interest of Wytec's five (5) world class patents involving multi-channeling technology and to provide protection and enforcement services to the value of its intellectual property. To date, no patent enforcement has been applied to Wytec's interest in its patent portfolio.

Services

Mobile Service Operator (MSO)

As part of its network infrastructure planning and services to municipal governments, CCI has become a premier participant in the emerging $2.2 billion MSO Offload Services Industry. This industry has only begun to be recognized over the past few years as a result of the massive data usage created by the continued advancement in smart phones and smart devices. As a result, MSOs have begun experiencing unprecedented service interruptions (dropped calls) and slower internet speed due to the lack of licensed spectrum necessary to support the additional data demand. As mobile service quality has decreased, MSOs have begun looking for solutions to overcome the lack of licensed spectrum. For the first time in the history of the telecommunications industry, MSOs have now accepted unlicensed Wi-Fi spectrum as part of the solution. Thus Wi-Fi offload services have become a serious consideration to address the MSO licensed spectrum shortage.

CCI has embraced the accelerating offload services industry with the development of its own proprietary Wi-Fi offload service to include both its patented Local Multipoint Distribution Service ("LMDS") backhaul technology and its exclusive OEM relationships to design, deploy and manage the fastest and most reliable network in America. Preliminary tests have now proven that the resulting CCI network will support end user speeds exceeding 100 Megabits per Second ("Mbps") for a mobile device.

Consequently, what was considered a distance choice of consideration; Wi-Fi Offload, has become a primary consideration to remedy the data consumption issue. Carriers such as AT&T have now incorporated the Wi-Fi alternative with the development of more than 20,000 Hot Spots from which to "offload" its data traffic. Most, if not all other carriers, are following suit by offloading their data traffic to Hot Spot Aggregators who have accumulated relationships with multiple Hot Spot locations through data management software. It has been reported that carriers need to "offload" approximately 35% of their data traffic to deliver a quality experience to their 4G customers. Even with the Hot Spot offloading alternative, studies have shown that only about 3% of the 35% offload needs are being accomplished through Hot Spot alternatives.

CCI, through one of its operating subsidiaries, has developed another offloading alternative through the development of a city-wide “carrier-grade” Wi-Fi network utilizing a strategic approach involving a carrier agnostic relationship with city management. This agnostic relationship approach allows the utilization of key access point (“AP”) locations throughout the city for the expansion of data capacity through micro-cell development essential for carriers to deliver “true” 4G services throughout their entire coverage area. Additionally, it allows CCI to offer the same service to multiple carriers simultaneously through its unique 16 Service Set Identifier (“SSID”) technology. Currently, no other provider in the U.S. can offer this capability outside of CCI, giving the Company a unique differentiator and barrier to entry from its closest competitor. On December 5, 2012, CCI established a historical event in being the first in the United States to perform a true 4G delivery in Columbus, Ohio by transmitting 117 Mbps of throughput to a mobile device. This has now set the standard and caught the interest of multiple major carriers throughout the United States in considering CCI for its unique offload services. CCI management believes securing carrier interest to the level of securing a Wi-Fi offload service contract could still be a year in development. This is due to the fact that an acceptable business case for carrier offload charges are still in its infancy and requires sophisticated software to establish the case and the price charged for the service. CCI is in the process of developing this software and expects to complete it by the end of 2013.

Internet Services

CCI had been installing and offering high-speed internet service to selected apartment complex customers since May 2002. It offered high-speed internet access services via DSL. However, through open access rights provided to cable operators in early 2008, the Company was unable to compete with better capitalized cable providers and discontinued this service in 2009. Today the Company is primarily focused on delivering 4G mobile broadband utilizing millimeter wave technology in rural markets in Wisconsin and potentially eventually across North America.

Overview of Current Operations

We continue to shift our focus away from our past revenue sources, such as, web hosting, dial-up, wireless, DSL, and wired internet services, and the design, development, and implementation of 4G mobile Wi-Fi networks with an accelerated concentration towards the development of our "Smart City" concept. We believe recent national and international relationships have enhanced the progression of our "Smart City" development in conjunction with the growing relationships with city and most recently state governments.

On November 8, 2011, we acquired Wytec, a non-operational company that owns five U.S. patents related to LMDS. LMDS deals primarily in the transmission of point-to-point and point-to-multipoint data distribution utilizing millimeter wave spectrum. Though the patents are currently unusable in our current 4G backhaul configuration, we intend to advance a derivative of the technology for usage in future 4G millimeter backhaul deployments. Millimeter links are now utilized as the predominate choice in gigabyte data transmission in support of 4G network deployments.

On June 9, 2012, our wholly owned subsidiary Wytec formed a wholly owned subsidiary, Wylink, Inc., a Texas corporation, to market and sell millimeter wave spectrum in the licensed 60 & 90 Gigahertz frequency channels. The Federal Communications Commission ("FCC") has developed a unique application program giving the ability for qualified applicants to own millimeter spectrum under a program known as the Registered Link Program. We sell point-to-point Registered Links as part of our backhaul solution in support of our 4G Wi-Fi network. As of September 30, 2013, Wylink had sold 139 Registered Links for a total of $3,854,480. The cash received from the sale of our Registered Links is recorded as "deferred revenue" and will be recorded as revenue once the telecommunication equipment is installed for the link owners.

On September 7, 2012, Wytec entered into a definitive agreement with General Patent Corporation ("GPC") to form Wytec LLC, a Delaware limited liability company, for the purpose of transferring ownership of our five patents originally owned by Wytec International, Inc. into Wytec LLC. GPC acts as the general member of the LLC and will assist in the monetization of the five patents.

Management now focuses its primary business on the development of 4G mobile broadband networks capable of delivering 100 Mbps to mobile devices and to be utilized as a multi-carrier "offload" solution. We plan to "light-up" at least ten (10) Central Business District ("CBD") operations within North America by year end 2013.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition and deferred tax assets. We believe the following critical accounting policies require more significant judgment and estimates used in the preparation of the financial statements.

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers are unable to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness, and changes in customer payment terms when making estimates of the uncollectability of our trade accounts receivable balances. If we determine that the financial conditions of any of our customers deteriorated, whether due to customer specific or general economic issues, increases in the allowance may be made. Accounts receivable are written off when all collection attempts have failed.

We follow the provisions of Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" for revenue recognition and SAB 104. Under Staff Accounting Bulletin 101, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable and (iv) collection is reasonably assured.

Income taxes are accounted for under the asset and liability method. Under this method, to the extent that we believe that the deferred tax asset is not likely to be recovered, a valuation allowance is provided. In making this determination, we consider estimated future taxable income and taxable timing differences expected in the future. Actual results may differ from those estimates.

Result of Operations for the Nine Months Ended September 30, 2013 and 2012

Revenue for the nine months ended September 30, 2013 was $53,315, as compared to revenue of $65,380 for the nine months ended September 30, 2012. This decrease in revenue of $12,065 or 18% was primarily due to the loss of market share to competing companies from cellular and satellite based technologies. We are currently expanding our product lines to increase our revenue through alternative means such as, “mobile” 4G services and the establishment of a Registered Links Program, through which we intend to sell point to point Links between two known GPS coordinates that make up a part of a backhaul network feeding into a microcell mobile broadband network.

Cost of sales for the nine months ended September 30, 2013 was $40,208, a decrease of $7,921, or 16%, from $48,129 for the nine months ended September 30, 2012. Our cost of sales decreased primarily due to reductions in costs related to sales operations.

General and administrative expenses were $1,805,939 for the nine months ended September 30, 2013, as compared to $622,895 for the nine months ended September 30, 2012. This resulted in an increase of $1,183,044 or 190% compared to the same period in 2012. The increase in our general and administrative expenses was largely a result of commissions paid to third parties to assist in the setup and registration of Links sold during the nine months ended September 30, 2013.

Salary and wage expenses were $519,659 for the nine months ended September 30, 2013, as compared to $241,126 for the nine months ended September 30, 2012, which resulted in an increase of $278,533, or 116% compared to the same period in 2012. The increase in salary and wages is due to several new employees added along with an increase in compensation (including stock compensation) of certain current employees.

Interest expense for the nine months ended June 30, 2013 was $128,115, as compared to $97,453 for the nine months ended September 30, 2012. This resulted in an increase of $30,662 or 31% compared to the same period in 2012. The increase was primarily due to our increased convertible debentures held during the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012.

Liquidity and Capital Resources

While we have raised capital to meet our working capital and financing needs in the past, additional financing will be required in order to meet our current and projected cash requirements for operations. As of September 30, 2013, we had a working capital deficit of $3,336,920. As of September 30, 2013, $3,824,480 of our current liabilities are deferred revenue on Link sales that have been funded by the customer, but the service has not yet been provided. As of September 30, 2013, $276,500 of our outstanding convertible debentures and notes payable are in default or mature within the next twelve months and are classified as current liabilities in the accompanying consolidated balance sheet. We plan to remedy the defaults through conversions or through repayments once future financing is secured.

During the nine months ended September 30, 2013, the Company received a total of $50,000 from private lenders in exchange for unsecured convertible promissory notes with various maturity dates between December 31, 2014 and September 30, 2015.

We anticipate that we will incur operating losses in the next twelve months. Our revenues are not expected to exceed our investment and operating costs in the next twelve months. Our prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in their early stage of operations. To address these risks, we must, among other things, seek growth opportunities through investment and acquisitions, effectively monitor and manage our claims for payments that are owed to us, implement and successfully execute our business strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. We cannot assure that we will be successful in addressing such risks, and the failure to do so could have a material adverse effect on our business prospects, financial condition and results of operations.

Satisfaction of our cash obligations for the next 12 months.

As of September 30, 2013, our cash balance was $618,340. Our plan for satisfying our cash requirements for the next twelve months is through sales-generated income, private placements of our common stock, third party financing, and/or traditional bank financing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient revenue to meet our working capital requirements. Consequently, we intend to attempt to find sources of additional capital in the future to fund our growth and expansion through additional equity or debt financing or credit facilities. There is no assurance that we would be able to meet our working capital requirements through the private placement of equity or debt or from any other source.

Off-Balance Sheet Arrangements

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

Recently Issued Accounting Standards

The Company has reviewed the updates issued by the Financial Accounting Standards Board (“FASB”) during the nine month period ended September 30, 2013, and determined that the updates are either not applicable to the Company or will not have a material impact on the Company.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Our chief executive officer and principal financial officer, William Gray, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on this evaluation, our chief executive officer and principal financial officer has concluded that our disclosure controls and procedures were not effective as of September 30, 2013. Specifically, our disclosure controls and procedures were not effective in timely alerting our management to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

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

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

Internal Control Over Financial Reporting

Our chief executive officer and principal financial officer is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Changes in Internal Control Over Financial Reporting

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

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Unregistered Sales of Equity Securities.

During the nine month period ended September 30, 2013, the Company issued 15,025,000 shares of common stock for services rendered by four employees, at fair value prices of $.006 to $.010 per share, pursuant to the private placement exemption available under Rule 506(b) of Regulation D of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	**Description**
31.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Principal Accounting Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Principal Accounting Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
101.INS	XBRL Instance Document.*
101.SCH	XBRL Schema Document.*
101.CAL	XBRL Calculation Linkbase Document.*
101.DEF	XBRL Definition Linkbase Document.*
101.LAB	XBRL Labels Linkbase Document. *
101.PRE	XBRL Presentation Linkbase Document.*

* Filed herewith. Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

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

COMPETITIVE COMPANIES, INC.

By: /S/ William H. Gray

William H. Gray, Chairman, Chief Executive Officer,

President, and Chief Financial Officer (Principal

Executive Officer/Principal Accounting Officer)

Date: November 11, 2013

19