

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Received

SEP 15 2014

Office of Administrative
Law Judges

In the Matter of

QSGI INC.

Respondent

Administrative Proceeding

File No. 3-16044

RESPONDENT'S ANSWER AND AFFIRMATIVE DEFENSE

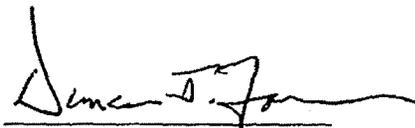
RESPONDENT QSGI INC. ("QSGI"), by and through its undersigned counsel, hereby files its Answer and Affirmative Defenses to Administrative Proceedings initiated against it by the Commission and states as follows:

1. Respondent admits the allegations set forth in Paragraph 1 of the Commission's August 28, 2014 Order Instituting Proceedings.
2. Respondent admits the allegations set forth in Paragraph 2 of the Commission's Order Instituting Proceedings and further states that it responded in writing to the April 30, 2014 letter from the Division of Corporation Finance indicating its intent and plan to become current with its reporting obligations within a six month time period.

3. Respondent admits the allegations contained in Paragraph 3 of the Commission's Order Instituting Proceedings.
4. Respondent admits the allegations contained in Paragraph 4 of the Commission's Order Instituting Proceedings and further states that it would have made additional progress toward bringing its reporting current but for the resignation of its then Chief Financial Officer and newly appointed Independent Auditors in July of 2014 as duly reported in Form 8K.
5. Respondent admits the allegations contained in Paragraph 5 of the Commission's Order Instituting Proceedings.
6. Respondent denies the allegations contained in Paragraph 6 of the Commission's Order Instituting Proceedings.
7. Respondent admits the allegations contained in Paragraph 7 of the Commission's Order Instituting Proceedings.
8. Respondent admits that it is not current in its reporting obligations under Exchange Act Rules 13a-1 and 13a-13. However, as an Affirmative Defense, Respondent states that it would not be in the best interest of shareholders, investors and the public for the Commission to suspend or revoke the registration of Respondent's securities for the following reasons: First, Respondent has developed a written plan with its Independent Auditor to bring current and keep current its reporting requirement under the Exchange Act by December 22,

2014. Respondent has made the retainer payment and additional payments for such services toward that goal. Second, Respondent has entered into a written agreement with an accounting firm to provide bookkeeping and accounting services necessary to ensure the filing of required reports and hired two additional employees to provide in-house bookkeeping services for the Respondent. Third, Respondent has initiated the process of retaining a Compliance consultant directly reporting to Respondent's Board of Directors who will have training and experience in Securities Act and Exchange Act reporting who will supervise reporting and implement appropriate control procedures so that current and accurate financial and other information is made available to investors and the public on a timely basis. Fourth: Respondent, after coming out of Bankruptcy Proceedings in the second half of 2012, has now reached a level of economic stability such that it has the resources to accomplish its reporting obligations for the foreseeable future.

Respectfully submitted,



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