



DIVISION OF
CORPORATION FINANCE
MAIL STOP 7010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
100 F Street, N.E.
WASHINGTON, D.C. 20549-7010

March 28, 2006

Mr. Jeffrey M. Gorden
Chief Financial Officer
BAB, Inc.
500 Lake Cook Road, Suite 475
Deerfield, Illinois 60015

Re: BAB, Inc.
Form 10-KSB for Fiscal Year Ended November 30, 2005
Filed February 28, 2006
File No. 0-31555

Dear Mr. Gorden:

We have reviewed your filing and have the following comments. We have limited our review of your filing to those issues we have addressed in our comments. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form 10-KSB for the Fiscal Year Ended November 30, 2005

Dividend Policy

1. You have disclosed significant semi-annual and special dividends paid in the years 2004 through 2006. Revise your dividend policy disclosure to clearly articulate what your dividend policy is, and the factors considered by the Board of Directors in declaring these dividends.

Liquidity and Capital Resources

2. Revise your liquidity disclosure to indicate what your dividend policy for the next year will be, any significant assumptions as to cash available and how you expect to be able to fund it. Also describe any effect of paying cash dividends, rather than retaining this cash for expansion and reinvestment in the business, on your future liquidity and financial position.

Consolidated Balance Sheets

3. Your balance sheet contains substantial goodwill which you do not consider to be impaired. In Note 2, Income Taxes, you disclose that you have provided a full valuation allowance on the net deferred tax asset due to the uncertainty of realization. Tell us what assumptions you considered to conclude that the goodwill is not impaired under Statement of Financial Accounting Standards (SFAS) 142, and what assumptions you considered to conclude that your deferred tax asset was fully impaired under SFAS 109. We may have further comment.

Consolidated Statements of Income

4. We note the utilization of net operating loss carryovers and a change in the valuation allowance for fiscal years 2004 and 2003, disclosed in footnote three, offsetting your current income tax expense. While the disclosure requirements of SFAS 109 permit the components of income tax expense to be disclosed in the notes to your financial statements, the offsetting nature of these two components does not eliminate the requirement to display a line item for income tax expense in the Consolidated Statements of Income. Revise these statements to include a line item for income tax expense in your Consolidated Statements of Income.

Controls and Procedures

5. You have disclosed that you evaluated the effectiveness of disclosure controls and procedures within 90 days of the filing date of the annual report. Amend this disclosure to address your conclusions regarding the effectiveness of such

controls and procedures as of the end of the period covered by the report, as specified in Regulation S-K Item 307.

6. You have disclosed there were no significant changes in internal controls that could significantly affect your disclosure controls and procedures subsequent to the 90 day evaluation period. Revise this disclosure to address any change in internal control over financial reporting that occurred during your last fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, your internal control over financial reporting.

Exhibits and Reports on Form 8-K

7. The exhibits specified in Regulation S-B Item 601(a) for Form 10-KSB must be filed or incorporated by reference. Amend your listing of exhibits to include all required exhibits, and file or incorporate such documents by reference.
8. We note that the wording of your certifications under Section 302 of the Sarbanes-Oxley Act of 2002 does not conform to the requirements as specified in Financial Release 33-8238. Please provide the correctly worded certifications.
9. We note that the wording of your certifications under Section 906 of the Sarbanes-Oxley Act of 2002 refers to the Quarterly Report on Form 10-KSB. Please amend this certification to refer to the Annual Report.

Closing Comments

As appropriate, please amend your filing and respond to these comments within 10 business days or tell us when you will provide us with a response. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes all information required under the Securities Exchange Act of 1934 and that they have provided all information investors require for an informed investment decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In connection with responding to our comments, please provide, in writing, a statement from the company acknowledging that:

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- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comments on your filing.

You may contact Gary Newberry at (202) 551-3761 if you have questions regarding comments on the financial statements and related matters. Please contact me at (202) 551- 3684 with any other questions.

Sincerely,

April Sifford
Branch Chief