

## MEMORANDUM

**TO:** Members and Official Observers  
SEC Advisory Committee on Smaller Public Companies

**FROM:** SEC Staff

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**RE:** Overview of Comments Received on Exposure Draft of Final Report

**DATE:** April 7, 2006

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As you are aware, on March 3, 2006 the Advisory Committee on Smaller Public Companies published for public comment an exposure draft of its Final Report. The Committee received 180 comment letters that were reviewed by the SEC staff and are covered by this memorandum. A list of the letters, categorized by type of commenter, is attached as Appendix A.

The SEC staff has prepared for your convenience this overview of comments received. Please note that this overview generally does not reflect comments submitted following the official end of the comment period (although in accordance with SEC custom those letters continue to be posted to the Committee's web page (<http://www.sec.gov/rules/other/265-23.shtml#exposuredraft>)). Please note further that although members of the SEC staff have attempted to accurately and concisely reflect the variety of the responses received, the large number of comments received, particularly at or near the end of the response period, make a detailed discussion of all comments impracticable. As Jim Thyen and Herb Wander noted in their e-mail memorandum to you of March 27, 2006, this overview has been prepared to assist you in your review of comment letters, and is not intended to serve as a substitute for a review of the comment letters themselves. All letters are available on the Committee's web page at <http://www.sec.gov/rules/other/265-23.shtml#exposuredraft>.

### **A. General Observations**

- Approximately two-thirds of the comment letters received were from public companies or from executive officers that identified themselves as being affiliated with public companies. This group included a number of technology companies, manufacturing companies, banks and financial institutions. Individuals comprised the next largest group of commenters, followed in number by professional and trade organizations. The eight largest public accounting firms also submitted comment letters.

- As was the case with responses to the Committee’s Request for Public Input, the overwhelming majority of responses (over 80% of all comment letters received) included comments concerning Sarbanes-Oxley Section 404 and/or the Committee’s proposed internal control recommendations. Other proposed recommendations that received a significant number of comments included: Recommendation II.P.1 (establish scaled regulatory system); Recommendation IV.S.1 (amend Rule 12g5-1 to interpret held of record to mean beneficially held); Recommendation IV.S.3 (establish task force on duplicative regulation within banking industry); the principal accounting recommendations; and Recommendation V.P.1 (create safe harbor for accountants).
- A significant majority of letters submitted by public companies, public company executives and business interest groups expressed support for the Committee’s proposed recommendations, particularly its proposed internal control recommendations. Consumer groups, investor protection groups and the large public accounting firms generally opposed the Committee’s proposed internal control recommendations, and had varied views on the Committee’s other proposed recommendations.
- Several proposed recommendations received near universal support. These include Recommendation IV.S.5 (evaluate upgraded alternatives to EDGAR) and Recommendation IV.S.3 (establish task force to review duplicative bank regulation).

## **B. Overview of Comments**

Set forth below is an overview of comments received, organized by reference to the principal sections of the Exposure Draft that the comments address: scaling recommendations; internal control recommendations; capital formation, corporate governance and disclosure recommendations; and accounting recommendations. Also included is a discussion of comments that were more general in nature or that did not specifically address any of the Committee’s proposed recommendations.

### **Comments on Scaling Recommendation**

#### **Recommendation II.P.1 (establish scaled regulatory system)**

While many commenters expressed an opinion on the Committee’s efforts at scaling regulation for smaller public companies, the majority did so in the context of Section 404 or of an overall approval or disapproval of the Committee’s recommendations. Some commenters that did directly address Recommendations II.P.1, such as Crowe Chizek and Company LLC (Crowe Chizek), Ernst & Young LLP (E&Y) and the National Venture Capital Association (NVCA), felt that measures of size other than market capitalization should be a part of the scaling recommendation. Among the metrics mentioned were sales revenue, asset size, stock price volatility and number of employees. Other commenters, such as the AICPA, commented that the

creation of scaled regulation could create unnecessary complexity and hinder the ability of users of financial statements to compare financial results among companies.

Deloitte felt that the proposed thresholds for microcap and smallcap companies, which they noted are five and 30 times the existing Regulation S-B market capitalization requirements, respectively, may be too high and capture companies whose operations can be quite complex. Similarly, KPMG LLP (KPMG) questioned whether the proposed thresholds are consistent with the Commission's mandate of investor protection. Crowe Chizek further recommended expanding Recommendation II.P.1 to include a fourth category of non-public or "exempt companies," which would cause regulators to specifically consider the impact of their regulations, particularly the restrictive or hurdle effect such regulations have on companies attempting to enter the regulatory system (through an IPO, etc.). The New York State Bar Association (NY State Bar) questioned the use of public float, in particular the inclusion of affiliate holdings in the case of controlled companies, and asked that the recommendation specifically address foreign private issuers, debt-only issuers and voluntary filers.

### **Comments on Internal Control Recommendations**

Recommendation III.P.1 (relief for microcaps and certain smallcaps)

Recommendation III.P.2 (relief from auditor attestation for certain smallcaps)

#### *Comments of those supporting recommendations*

Letters from commenters favoring proposed recommendations III.P.1 and III.P.2 outnumbered those that opposed such recommendations by an approximate 3-to-1 margin. This was attributable in part to the significant number of letters submitted by public companies and executive officers of public companies who, along with business interest groups such as the Biotechnology Industry Organization, National Venture Capital Association and the U.S. Chamber of Commerce, almost uniformly expressed support for the recommendations. Banks and banking associations, such as America's Community Bankers, also generally supported the recommendations, stating that they are already subject to extensive regulation and safety and soundness examinations. They stated that requirements to re-document and continuously test internal controls in another framework are a poor use of resources.

Those supporting Recommendation III.P.1 and III.P.2 most commonly cited the costs of Section 404 compliance, and costs in comparison with benefits to be derived from compliance, as the principal reasons for their support. In relation to costs, some commenters specifically discussed the significant burden of higher audit fees as a result Section 404. Other comments included: Section 404 harms the ability of smaller companies to compete with larger U.S., private and foreign companies; board and management distraction and resources required by Section 404 adversely impairs productivity and entrepreneurship; and corporate governance controls will ensure that adequate investor protections are in place even if smaller public companies become fully or partially exempt from Section 404. The National Venture Capital Association disputed a few of the "erroneous premises" that they believe are used by those who oppose the Committee's recommendations, and stated that the Final Report should clearly state that the claimed benefits of Section 404 compliance should face the same scrutiny as have claims

of excessive cost. SEMI North America commented that permitting voluntary compliance would allow the market to determine if there is a cost-of-capital benefit to Section 404 compliance. Gaylen Hansen, a CPA and member of the PCAOB Standing Advisory Group, noted that more recent restatements are actually more related to the complexity of GAAP than internal accounting and reporting controls, and that consequently strong internal controls alone will not solve all financial reporting problems. Several commenters, while expressing general support for Recommendations III.P.1 and III.P.2, urged removal of the “unless and until” language in order to provide companies with permanent exemptive relief.

A letter submitted by the Biotechnology Industry Organization and co-signed by numerous organizations representing the high technology and venture capital industries expressed strong support for the product revenue threshold of Recommendation III.P.1. Conversely, other commenters urged removal of revenue filters from the recommendations on the basis that such filters would create cost inequities among industry sectors, while the Society of Corporate Secretaries and Governance Professionals viewed revenues as a poor predictor of complexity and risk.

*Comments of those opposing recommendations*

Consumer groups, investor groups and the large public accounting firms, though in the aggregate representing a smaller group of commenters than those supporting recommendations III.P.1 and III.P.2, were uniform in their opposition to them.

Those opposing the Committee’s internal control recommendations cited a variety of reasons for their opposition. Commonly mentioned was the view that Section 404 is beneficial, both to investors (in the form of more reliable financial reporting and greater investor protection) and to companies of all sizes (as such procedures help management to better identify and manage the risks they face), and that the Committee’s proposed recommendations would undermine such benefits. Several commenters, including the Consumer Federation of America and Deloitte, commented that smaller companies are particularly likely to have internal control and accounting problems, and the rate of misstatements, restatements and fraud among such companies highlight the need for more, not fewer, checks and balances over financial reporting. KPMG cited a study by Lord & Benoit LLP (filed separately as a comment letter) which, they maintain, questions the effectiveness of a management-only assessment of the type proposed in Recommendation III.P.2.

A few commenters, such as the American Association of Individual Investors, stated that adoption of the Committee’s recommendations would be contrary to the SEC’s mission of investor protection. Some were of the view that, if exemption from 404 is provided, investors in smaller companies will receive less assurances and less information regarding the companies they invest in. Such exemptions, they argued, would decrease investor confidence, discourage investment in smaller public companies, reduce their sources of funding, and increase their costs of capital.

At least one commenter, Grant Thornton LLP, felt that implementation of Recommendations III.P.1 and III.P.2 would result in an increasingly unhealthy concentration of skills, methodologies and tools for auditing internal controls in the six largest accounting firms.

Other remarks by those opposing Recommendations III.P.1 and III.P.2 included: the proposed recommendations would create a confusing hierarchy of companies; investors would not be able to place as much reliance upon financial statements of smaller companies; the approach specified by Recommendation III.P.2 would be less effective, but still costly, as it would not eliminate internal costs that represent the larger portion of Section 404 compliance; and management-only assessment is inadequate.

A number of commenters, including the large accounting firms and the AICPA, felt in general that the development of a right-sized, scalable approach is preferable to exemptive relief. Although suggestions for developing such an approach varied, many centered on establishment of a body of professionals composed of companies, accounting firms, regulators and others and led by the SEC that would be tasked with creating and field-testing better standards and implementation guidance for smaller companies. Commenters such as KPMG and PricewaterhouseCoopers LLP (PwC) stated explicitly that they would not object to an additional one-year deferral for non-accelerated filers while such study and field testing is being undertaken; this deferral appears to be implicit in the comments of others favoring the development of further guidance in lieu of exemptive relief.

#### *Comments on the Commission's legal authority to provide 404 exemptions*

There were mixed views on the Commission's legal authority to act on the Section 404 recommendations providing for exemptive relief. Letters from commenters stating that the Commission possesses the authority to provide exemptive relief from provisions of Section 404 stated that the recommendations do not ask for any change in the law, only in the methods of implementation. Most notably, Representatives Oxley and Baker commented that the Commission has exemptive authority under Section 36(a) of the Securities Exchange Act of 1934. The Exchange Act and Section 404, they claimed, must be construed together as they relate to the same subject matter under the legal canon of construction *in pari materia*.

On the other hand, some commenters, including the AFL-CIO, expressed the view that the exemptive relief recommendations are in conflict with the law, stating that Section 404 does not give the SEC or the PCAOB authority to grant the proposed relief. Attached to their response, the AFL-CIO submitted a letter signed by a Duke University law professor and co-signed by 19 other law professors concluding that Section 3(a) of the Sarbanes-Oxley Act does not empower the SEC to exempt issuers from Section 404. They argued that because Congress did not embed Section 404 in the Exchange Act, as it did with many other Sarbanes-Oxley provisions, the SEC does not have the power to adopt exemptions under Section 36(a) of the Exchange Act.

#### Recommendation III.P.3 (permit attestation only on design and implementation)

Recommendation III.P.3 received far fewer comments than Recommendations III.P.1 and III.P.2. Organizations such as the American Bankers Association favored Recommendation III.P.3 because they felt that to the extent an external audit is required, III.P.3 restricts such audit to a more cost-effective form. Large accounting firms, on the other hand, generally opposed Recommendation III.P.3, expressing the view that an audit of design and implementation would

not detect inadequate internal control execution, which is a key aspect of the auditors' work under Section 404. They argued that an audit of design and implementation would do nothing meaningful to increase the reliability of financial statements. Other commenters, including PwC, KPMG and McGladrey & Pullen, LLP believed that implementation of Recommendation III.P.3 could result in unwarranted reliance on management's assessment, and lead to investor confusion concerning the level of assurance provided. KPMG and PwC further commented that cost savings from implementation of Recommendation III.P.3 would be less than anticipated, as the recommendation would only result in elimination of a portion of external audit costs, which in turn are a minority of total Section 404 compliance costs. The Greater Boston Chamber of Commerce stated that an external audit of the design and implementation of internal controls should be completed only once every three years.

#### Recommendation III.S.1 (provide additional internal control guidance)

Recommendation III.S.1 generated few direct comments, although as noted above a number of commenters, including the largest public accounting firms and the AICPA, expressed support for the development of additional internal control guidance for management. Most of the accounting firms suggested that additional management guidance on developing, maintaining, assessing, and evaluating internal controls for small companies would result in cost efficiencies and minimize disruption in the initial year of compliance. Additionally, the American Bankers Association, among others, stated that there is a need for additional auditor guidance – that too much audit testing is taking place in areas of low risk.

#### Recommendation III.S.2 (determine necessary structure to strengthen COSO)

Recommendation III.S.2 also generated only a few comments. Comments were mixed, with the American Bankers Association and BDO Seidman expressing support for the recommendation. PwC, meanwhile, stated that it did not believe that a more permanent structure is necessary for COSO. Crowe Chizek stated that there is no compelling need to move COSO's work, including the primary internal control framework, to an "official standard" level. The FEI Smaller Public Company Task Force agreed, commenting that it is not appropriate for COSO to become a standard setter. FEI stated the issue with lack of clear Section 404 guidance for smaller public companies has to do with the SEC and PCAOB rules, which should be addressed directly and not through COSO.

### **Comments on Capital Formation, Corporate Governance and Internal Control Recommendations**

Roughly one-quarter of comment letters addressed the Committee's capital formation, corporate governance and disclosure recommendations. While many commenters limited their comments to discrete issues, the North American Securities Administrators Association, Inc. (NASAA) submitted a letter that addressed nine of the recommendations in this section of the Exposure Draft.

#### Recommendation IV.P.1 (merge Regulation S-B into Regulation S-K)

Several commenters, including the International Association of Small Broker-Dealers and Advisors (IASBDA), stated their belief that this recommendation does not represent good public policy, among other reasons because the recommendation would eliminate the widely used Form SB-2. Similarly, BDO Seidman expressed its preference to leave the S-B rules separate and to not integrate them into S-K, but instead to eliminate S-B forms and permit use of Regulation S-B standards in completing SEC forms, as is permitted under General Instruction D.3 of Form S-4.

#### Recommendation IV.P.2 (incorporate financial statement accommodations of Reg. S-B into Reg. S-K and make them available to all microcap and smallcap companies)

Reaction to this proposed recommendation was mixed but largely supportive. The AICPA believed that this recommendation would result in less complexity, and E&Y, while supporting the recommendation, commented that if the SEC eliminates the S-B system there should be a clear indication on the cover page of reports and registration statements whether the registrant qualifies as a smaller public company and is following the permitted disclosure for such companies. Deloitte commented that rather than scaling back the basic financial statement and related disclosure requirements, relief might be considered from the supplemental financial information required under Rules 3-05, 3-09, and 3-10 of Reg. S-X. The NY State Bar expressed support for this recommendation and, in addition, recommended relief for microcap and smallcap companies from Rule 3-05 and Article 11 of Reg. S-X (business acquired or to be acquired, as well as pro-forma information). The NY State Bar also suggested that the Committee make clear that its recommendations are intended to apply to foreign as well as domestic microcap and smallcap companies. The Independent Community Bankers of America strongly supported this recommendation and favored the recommendation to eliminate the required inclusion of three years of audited financial statements and require only two years of audited income statements for smaller public companies.

PwC did not support the recommendation and believes scaled regulation creates unnecessary complexity and hinders the ability of users to compare financial results among companies. Moreover, in order to maintain investor protection, PwC did not support the expansion of Reg. S-B to a category broader than that to which it currently applies.

#### Recommendation IV.P.3 (expand eligibility for use of Form S-3)

Deloitte supported this recommendation, so long as appropriate standards are adopted governing availability of all financial information incorporated by reference, such as accessibility via a company website. Conversely, E&Y questioned whether investors would be served by allowing shelf registrations by companies that elect reduced disclosures as an accommodation for their smaller size. In their view, the SEC should bar shelf registration by any company that does not yet fully comply with the Section 404 assessment and audit of its internal control over financial reporting or does not comply with all of the disclosure requirements of Regulations S-K and S-X. The Texas Society of Certified Public Accountants objected to allowing companies to use Form S-3 that have not filed timely reports with the SEC in the past year, while E&Y urged a

consideration of possible elimination of the one-year Exchange Act reporting requirement for S-3 eligibility with respect to all companies, regardless of size.

Recommendation IV.P.4 (encourage research on smaller public companies)

Several industry associations, including the NVCA, strongly urged the Committee to emphasize this recommendation. Specifically, the NVCA urged the SEC to continue to permit fully-disclosed company-sponsored analyst reporting and recommended continued brokers' use of "soft dollars" to support true research. The NVCA also recommended that the Committee review and consider supporting the recent recommendation by the NASD to eliminate the quiet periods before and after expiration, termination or waiver of a lock-up agreement, which they believe has adversely affected the coverage available to newly-public companies.

Recommendation IV.P.5 (private exemption allowing for general solicitation and advertising)

This recommendation received few comments. NASAA stated that it would not oppose a new federal exemption allowing general solicitation and advertising, if appropriate standards and safeguards, detailed in their letter, were made part of the exemption. The Committee on Securities Regulation of the New York City Bar commented that instead of relaxing or lifting the ban on the general solicitation and advertising in an ad hoc manner, which could lead to unjustified and uneven applications of private offering exemptions, the recommendation to lift the ban on general solicitation should be expanded to allow general solicitation and advertising to all private offerings, without significant restriction on content or method, so long as the ultimate purchasers in such offerings are sophisticated investors.

Recommendation IV.P.6 (streamlined NASD registration process for finders, etc.)

This recommendation received few comments. NASAA stated that it has established a Finders Project Group to explore the issues relating to finders and welcomes the opportunity to meet with the SEC and the NASD regarding finders. IASBDA advocated a finder registration process analogous to that used for investment advisor registration, which is less complex than broker-dealer registration. Craig McCrohon, an individual affiliated with Holland & Knight, states that the recommendation does not address the sub-segment of mergers and acquisitions advisors to smaller businesses.

Recommendation IV.S.1 (amend Rule 12g5-1 to count beneficial holders)

Several commenters expressed support for this recommendation and urged the Committee to assign it a higher priority. These include Stephen J. Nelson who, on behalf of eight institutional investors, authored a petition dated July 3, 2003 to amend Rule 12g5-1 in a manner similar to that which the Committee has proposed. The NY State Bar also expressed general support for a reconsideration of the "held of record" definition, although it believes that the application of a beneficial ownership test to determine Section 12(g) registration would be unnecessarily complex, and urged the Committee to include rules or assumptions that would allow an issuer to readily determine its eligibility to deregister.



Those opposing Recommendation IV.S.1 included the Independent Community Bankers of America (ICBA) and the American Bankers Association, who felt that implementation of the recommendation would be burdensome on small public companies by requiring them to make extensive inquiries of broker-dealers and banks to determine the number of beneficial owners. Both parties also support raising the 500 shareholder threshold.

Recommendation IV.S.2 (make public information filed under Rule 15c2-11)

Although this proposed recommendation generated few comments, NASAA did express its support for a more meaningful disclosure system for investors in over-the-counter securities, provided there are appropriate safeguards. They noted that the recommendation to “place the burden of disclosure on issuers” by requiring postings on issuer web sites, thereby entrusting them to be the repository of issuer information, raises concerns of fraud and manipulation. Another commentator stated that this recommendation should be very simple to implement.

Recommendation IV.S.3 (establish task force to review duplicative bank regulation)

The ICBA, the American Bankers Association and several of the eight largest public accounting firms expressed support for this recommendation. The American Bankers Association also agreed that the Commission’s pilot program to use interactive data in XBRL format may facilitate many of the Committee’s suggestions for avoiding regulatory duplication and overlap. Tom Allen, who identified himself as a sophisticated private investor in bank stocks, commented that the task force should include state regulators, bankers and individuals from the banking vendor side such as non-Big Four accounting firms and law firms that specialize in banking.

Recommendation IV.S.4 (compensation for market-makers for filing of a Form 211)

NASAA strongly opposed payments to market-makers for quoting prices, stating that this practice may create conflicts of interest by influencing a broker-dealer’s decision about whether to quote a price, and the prices to quote, for the issuer’s securities. NASAA noted that this recommendation is in direct conflict with NASD Rule 2460 and long-standing NASD policy. Conversely, Tom Allen commented that “[a]nything we can do to get more stocks quoted publicly rather than have them trade under the table somewhere makes the financial markets more transparent, which is good for all investors and the brokerage industry.”

Recommendation IV.S.5 (evaluate upgraded alternatives to EDGAR)

All commentators who addressed this recommendation supported upgrades to EDGAR, including NASAA, several of the eight largest public accounting firms and the AICPA.

Recommendation IV.S.7 (increase Rule 701(e) thresholds)

NASAA opposed the Committee’s recommendation not to require risk factor and financial information disclosure in Rule 701 offerings between \$5 and \$20 million. Conversely, the NY State Bar supported this recommendation, especially in view of the continued application

of the general antifraud provisions to such offerings and the prohibition on the use of such offerings for capital raising purposes.

Recommendation IV.S.9 (shorten integration safe harbor)

NASAA opposed altering current integration rules, particularly when neither the SEC nor the states receive notice filings to mark the beginning and end of offerings that issuers designate as separate.

Recommendation IV.S.10 (clarify Section 402 loan prohibitions)

The American Bankers Association strongly supported this recommendation and commented that Commission staff guidance along the lines suggested by the Committee would be most welcome and might alleviate some of the legal expenses of smaller institutions. Tom Allen further commented that banks already have some of these types of regulations.

Recommendation IV.S.11 (define “qualified purchaser” and make NASDAQ Capital Market and OTCBB stocks “covered securities”)

NASAA strongly opposed both components of this recommendation. With respect to defining “qualified purchaser,” NASAA believed that the Committee’s proposed definition would “dangerously undercut investor protection” and may be contrary to Congressional intent as reflected in NSMIA. It views extending “covered securities” treatment to OTCBB stocks as inadvisable because the OTCBB has no qualitative listing standards and the over-the-counter market is widely noted to include shell companies and illegally manipulated stocks. The NY State Bar, meanwhile, supported this recommendation and suggested that the definition of covered securities be expanded to include certain derivative, employee benefit and compensatory securities as well.

Recommendation IV.S.12 (amend Rule 152)

This proposed recommendations generated few comments, although NASAA questioned the advisability of amending Rule 152, for among other reasons the fact that they believe there is little confusion over current application of the rule.

**Comments on Accounting Recommendations**

The Committee’s accounting recommendations generated the fewest number of comment letters. The Committee received comments from a variety of sources, including the eight largest public accounting firms, several chambers of commerce, and executive and professional associations, as well as, many executives of smaller public companies in several different industries, such as the software and petroleum industries.

### Recommendation V.P.1 (safe harbor for well-intentioned preparers)

E&Y and KPMG, as well as several other large accounting firms, support this recommendation. KPMG commented that the Committee should provide additional guidance in its Final Report addressing considerations relevant to determining whether a conclusion has a reasonable basis in GAAP. BDO Seidman stated that the safe harbor should also apply to auditors. Conversely, Deloitte, as well as the AICPA, and PwC were concerned that the use of a legal safe harbor would diminish issuers' responsibilities for their financial statements and therefore did not support this recommendation. Instead, Deloitte and the AICPA encouraged the Commission, especially in the area of highly complex transactions and emerging issues, to devote additional resources to pre-filing consultation, in order to help all issuers "get it right the first time" and reduce the potential for avoidable restatements. PwC also stated that the proposal has the potential of creating an environment where preparers would be more comfortable ignoring the advice of their auditors, creating disagreements between preparers and auditors that will reduce the effectiveness of the audit process.

Several associations supported this recommendation, including SEMI North America, which stated that it is an important step toward resolving the confusion, complexity and costs currently being experienced in the accounting profession. The American Bankers Association supported this recommendation with the reservation that "it must be developed carefully so as to not allow for careless accounting under the guise of a good faith effort."

### Recommendation V.P.2 (apply same extended effective dates to microcap companies as to private companies)

Several accounting firms, the AICPA and the American Bankers Association supported this recommendation. Several accounting firms suggested modifying this recommendation to include other companies, such as smallcap companies or non-accelerated filers. Deloitte commented that difficulties with new pronouncements could be significantly reduced for all companies if the FASB developed comprehensive field testing protocols.

### Recommendation V.P.3 (guidance re: materiality related to previously issued financial statements)

Several of the eight largest public accounting firms and industry associations, such as the American Bankers Association, supported this recommendation. Both E&Y and KPMG commented that clear guidance is needed with respect to the application of materiality to interim financial statements, particularly as it relates to quarters. Conversely, PwC, Deloitte and the AICPA commented that regulators should provide a clear message on materiality through the consistent application of the existing guidance and the support of reasonable judgments, as opposed to the issuance of additional guidance.

#### Recommendation V.P.4 (de minimis exception to auditor independence rules)

Commenters, including executive officers of smaller public companies, overwhelmingly supported this recommendation. Generally, commenters observed that an amendment to the SEC's independence rules that would enable the audit committee to evaluate the facts and circumstances around de minimis independence violations and, where appropriate, accept the continued independence of an accounting firm, would be reasonable and cost-effective.

Additional suggestions for the Committee include PwC's view that such a de minimis exception should be made available to all companies and Crowe Chizek's view that auditor independence rules for public company audits should permit the use of the AICPA's independence rules for exempt offerings and for IPOs of companies that would be classified as microcap based on their post-offering pro forma equity.

On a related matter regarding auditor independence, a partner in the five partner Tampa accounting firm, Brimmer, Burek & Keelan LLP, proposed that the Committee consider expanding the number of public company clients from the current five to ten before requiring audit partner rotation. In this regard, he also supported the Committee's recommendation to change the independence rules so that the exiting audit partner may provide services to the public company client that otherwise would be prohibited by the current independence rules, such as consulting on technical accounting matters.

#### Recommendation V.S.1 (promote competition and choice in the accounting profession)

The responses from the Big Four accounting firms on this recommendation were limited. PwC commented that audit firms of all sizes regularly voice their opinions and contribute to the development of standards and regulations through public comment processes. BDO Seidman indicated that they seek to participate actively in the listed activities where possible.

The NVCA commented that this recommendation should be set forth as a "primary recommendation" in the Final Report as opposed to a "secondary recommendation." The NVCA also commented that efforts to enhance competition in the accounting industry should be considered in all regulatory decision-making. SEMI North America also recommended placing this recommendation near the top of the Commission's priorities.

While the American Bankers Association agreed with the end result of this recommendation, it stated that it is not the responsibility of the Commission, PCAOB, or the FASB to promote competition among audit firms. Rather, the association stated that it is important for these rulemakers to include a higher percentage of the smaller firms in various groups and meetings to further their knowledge and participation.

Recommendation V.S.2 (encourage FASB to continue to pursue objectives-based accounting standards)

Commenters generally supported this recommendation. Deloitte supported a formal plan to reduce complexity and noted, as did PwC, that principles-based standards require greater use of judgment and will not necessarily result in greater consistency and comparability.

BDO Seidman indicated its ambivalence about objectives-based accounting standards, because such standards have not been clearly defined and because significant changes in behavior and attitude would be needed to make such standards workable. BDO Seidman, however, strongly supported making simplicity and ease of application important considerations in adopting new accounting standards. Similarly, FEI stressed that simplicity and the ease of application should be important considerations when new accounting standards are established.

The American Bankers Association stated that a balance of well-paced principles and rules will ultimately benefit the financial reporting system the most by allowing companies sufficient time to adapt and providing the specific guidelines sometimes needed to implement the changes. The association stated that objectives-based accounting standards should only be used if due process can be adequately followed and the SEC, auditors, PCAOB, and FASB are prepared to accept such standards.

Several chambers of commerce submitted comments recommending that the FASB, the SEC and the PCAOB formally establish an agenda to address the complexity of accounting standards.

Recommendation V.S.3 (PCAOB required professional education requirements)

Comments on this recommendation did not support the establishment of professional education requirements by the PCAOB. Deloitte stated that any specific SEC training should be handled through the AICPA or the National Association of State Boards of Accountancy. Other accounting firms stated that each firm should decide how much SEC training is appropriate based on the nature and complexity of clients served.

Recommendation V.S.4 (monitor state of interaction between auditors and their clients in evaluating internal controls)

Several accounting firms, including Deloitte, as well as the AICPA, supported this recommendation and stated that ongoing monitoring by the PCAOB and the SEC is helpful. BDO Seidman stated that the current improved interaction is generally appropriate, and formal SEC action is not warranted.

The American Bankers Association also agreed with this recommendation and stated that, aside from the duplication of work by both management and the external auditor, this appears to be the most significant cost relating to the application of Section 404. In situations where the

PCAOB's rules provide a certain level of flexibility, the accounting firms appear to be ignoring the flexible nature of the rules and applying only the most stringent interpretations.

### **Miscellaneous Comments**

#### General Comments Concerning Advisory Committee Activities

A letter submitted by the Consumer Federation of America and co-signed by four other consumer organizations, for instance, complained that no representatives of major institutional or retail investors were included on the Committee despite their urgent interest in the issues being addressed. They further urged that the Commission formally disband the Committee and repudiate the Committee's recommendations by setting them aside without publishing them for further comment. On the other hand, The IASBDA believes the Committee should be a permanent advisor to the Commission and rotate its personnel on an annual basis.

#### Comments Apparently Unrelated to Advisory Committee Activities

In addition to comments that were general in nature but that addressed activities of the Advisory Committee, several commenters also submitted comments that did not appear to address either the Exposure Draft or the Advisory Committee's activities. For instance, as with the Committee's Request for Public Input, the Exposure Draft results in several comments that urged the SEC to put an end to naked short selling (essentially, the process of selling short without borrowing the necessary securities to make delivery, potentially resulting in a "fail to deliver" securities to the buyer).

**Appendix A**  
**List of Commenters**

Set forth below is a list of the 180 individuals and entities that submitted commenter letters by April 3, 2006, the specific portion or portions of the Exposure Draft that they addressed in their comments, and a hyperlink to the text of the comment letter itself.

**a) Accounting Firms, Auditors and Accounting Organizations**

1. AICPA (by Susan Coffey, Sr. VP Member Quality and State Regulation)	<a href="http://www.sec.gov/rules/other/265-23/aicpa040306.pdf">http://www.sec.gov/rules/other/265-23/aicpa040306.pdf</a>	Parts II, III, IV, and V
2. BDO Seidman, LLP (Wayne Kolins, National Director of Assurance and Lee Graul, National Director, SEC Practice)	<a href="http://www.sec.gov/rules/other/265-23/bdoseidman9239.pdf">http://www.sec.gov/rules/other/265-23/bdoseidman9239.pdf</a>	Parts III, IV and V
3. Brimmer Burek and Keenlan, LLP (Walter Copeland, Partner, a small audit firm)	<a href="http://www.sec.gov/rules/other/265-23/wcopeland033006.pdf">http://www.sec.gov/rules/other/265-23/wcopeland033006.pdf</a>	Part V
4. Crowe Chizek and Company (contact Rick Ueltschy or Jim Brow)	<a href="http://www.sec.gov/rules/other/265-23/crowe033106.pdf">http://www.sec.gov/rules/other/265-23/crowe033106.pdf</a>	Parts II, III, and V
5. Deloitte (by Robert Kueppers)	<a href="http://www.sec.gov/rules/other/265-23/deloitte040306.pdf">http://www.sec.gov/rules/other/265-23/deloitte040306.pdf</a>	Parts II, III, IV, and V
6. Ernst & Young (by David M. Wisniewski)	<a href="http://www.sec.gov/rules/other/265-23/ey040306.pdf">http://www.sec.gov/rules/other/265-23/ey040306.pdf</a>	Parts II, III, IV and V
7. Gaylen Hansen, CPA (sits on the PCAOB Standing Advisory Group)	<a href="http://www.sec.gov/rules/other/265-23/grhansen040306.pdf">http://www.sec.gov/rules/other/265-23/grhansen040306.pdf</a>	Part III and V
8. Grant Thornton LLP	<a href="http://www.sec.gov/rules/other/265-23/grantthornton030706.pdf">http://www.sec.gov/rules/other/265-23/grantthornton030706.pdf</a>	Part III
9. Grant Thornton LLP (by R. Trent Gazzaway, Managing Partner of Corporate Governance)	<a href="http://www.sec.gov/rules/other/265-23/rtgazzaway040306.pdf">http://www.sec.gov/rules/other/265-23/rtgazzaway040306.pdf</a>	Part III

10. Hamlet Auditing (Julie Harrer, CPA, President)	<a href="http://www.sec.gov/rules/other/265-23/jharrer5051.htm">http://www.sec.gov/rules/other/265-23/jharrer5051.htm</a>	Part III
11. Institute of Chartered Accountants, Scotland (Amy Hutchinson, Asst. Dir. of Accounting and Auditing)	<a href="http://www.sec.gov/rules/other/265-23/ahutchinson040306.pdf">http://www.sec.gov/rules/other/265-23/ahutchinson040306.pdf</a>	Part V
12. Institute of Management Accountants (Jeffrey Thompson, VP-Research and Applications Development, COSO Board Member)	<a href="http://www.sec.gov/rules/other/265-23/jcthomson3160.pdf">http://www.sec.gov/rules/other/265-23/jcthomson3160.pdf</a>	Part III
13. KPMG (by Sam Ranzilla)	<a href="http://www.sec.gov/rules/other/265-23/kpmg040306.pdf">http://www.sec.gov/rules/other/265-23/kpmg040306.pdf</a>	Parts II, III, IV, and V
14. McGladrey and Pullen (Bruce Pullen, CPA (National Director of Auditing)	<a href="http://www.sec.gov/rules/other/265-23/mcgladrey040306.pdf">http://www.sec.gov/rules/other/265-23/mcgladrey040306.pdf</a>	Part III and IV
15. PriceWaterHouseCoopers, LLP (by Vincent Colman or Ray Beir)	<a href="http://www.sec.gov/rules/other/265-23/pwc040306.pdf">http://www.sec.gov/rules/other/265-23/pwc040306.pdf</a>	Parts II, III, and V
16. Texas Society of Certified Public Accountants (C. Jeff Gregg, CPA, Chair, Professional Standards Committee)	<a href="http://www.sec.gov/rules/other/265-23/cjgregg040306.pdf">http://www.sec.gov/rules/other/265-23/cjgregg040306.pdf</a>	Part III and IV

**b) Professional and Trade Associations and Organizations**

1. AFL-CIO (Silvers)	<a href="http://www.sec.gov/rules/other/265-23/aflcio032706.pdf">http://www.sec.gov/rules/other/265-23/aflcio032706.pdf</a>	Part III
2. America's Community Bankers (Sharon H. Lachman, Regulatory Counsel,	<a href="http://www.sec.gov/rules/other/265-23/shlachman040306.pdf">http://www.sec.gov/rules/other/265-23/shlachman040306.pdf</a>	Parts II, III, and IV



Regulatory Affairs)		
3. American Bankers Association- ABA (by Sarah A. Miller, Director of Center for Securities Trust and Investments and Donna J. Fisher, Director of Office of Tax and Accounting)	<a href="http://www.sec.gov/rules/other/265-23/aba040306.pdf">http://www.sec.gov/rules/other/265-23/aba040306.pdf</a>	Parts II, III, IV, and V
4. American Electronics Association (William T. Archey, President)	<a href="http://www.sec.gov/rules/other/265-23/warchey2208.pdf">http://www.sec.gov/rules/other/265-23/warchey2208.pdf</a>	Part III
5. Biotechnology Industry Organization, National Venture Capital Assn., Electronic Industries Alliance, Semiconductor Industry Assn., Telecommunications Industry Assn., California Healthcare Institute, Advanced Medical Technology Assn., Medical Device Manufacturers Assn, Association of Bioscience Financial Officers Int. (by Lauren Choi)	<a href="http://www.sec.gov/rules/other/265-23/lchoi6978.pdf">http://www.sec.gov/rules/other/265-23/lchoi6978.pdf</a>	Part III
6. CFA Institute, Patricia A. McConnell, CPA and Georgene B. Palacky, CPA	<a href="http://www.sec.gov/rules/other/265-23/gbpalacky040306.pdf">http://www.sec.gov/rules/other/265-23/gbpalacky040306.pdf</a>	Parts II and III

7. Committee on Securities Regulation, City Assoc. New York City Bar (Matthew J. Mallow)	<a href="http://www.sec.gov/rules/other/265-23/mjmallow040306.pdf">http://www.sec.gov/rules/other/265-23/mjmallow040306.pdf</a>	Part IV
8. Financial Executives International and FEI's Small Public Company Task Force (by Richard Brounstein, CPA)	<a href="http://www.sec.gov/rules/other/265-23/rbrounstein9600.pdf">http://www.sec.gov/rules/other/265-23/rbrounstein9600.pdf</a>	Parts III and V
9. Greater Austin Chamber of Commerce (by Sandy Hentges, VP of Public Policy)	<a href="http://www.sec.gov/rules/other/265-23/shentges032906.htm">http://www.sec.gov/rules/other/265-23/shentges032906.htm</a>	Parts II, III, and V
10. Greater Boston Chamber of Commerce	<a href="http://www.sec.gov/rules/other/265-23/pguzzi030606.pdf">http://www.sec.gov/rules/other/265-23/pguzzi030606.pdf</a>	Parts II, III and V
11. Independent Community Bankers Association (Christopher Cole, Regulatory Counsel)	<a href="http://www.sec.gov/rules/other/265-23/icba040306.pdf">http://www.sec.gov/rules/other/265-23/icba040306.pdf</a>	Parts III and IV
12. International Association of Small Broker-Dealers and Advisors (Markese)	<a href="http://www.sec.gov/rules/other/265-23/wathorp031606.pdf">http://www.sec.gov/rules/other/265-23/wathorp031606.pdf</a>	Part III
13. Lord and Bennett (by Robert J. Bennett, CPA Director of SOX Research and Education, a SOX research firm)	<a href="http://www.sec.gov/rules/other/265-23/rbenoit8977.pdf">http://www.sec.gov/rules/other/265-23/rbenoit8977.pdf</a>	Part III
14. NASAA (Patricia D. Struck, President and Wisconsin Securities	<a href="http://www.sec.gov/rules/other/265-23/rastaples1692.pdf">http://www.sec.gov/rules/other/265-23/rastaples1692.pdf</a>	Part IV

Administrator)		
15. NASDAQ (by Edward Knight, Esq., EVP and General Counsel)	<a href="http://www.sec.gov/rules/other/265-23/esknight5005.pdf">http://www.sec.gov/rules/other/265-23/esknight5005.pdf</a>	Part III
16. National Venture Capital Association (by Brian Borders, Esq.)	<a href="http://www.sec.gov/rules/other/265-23/26523-378.pdf">http://www.sec.gov/rules/other/265-23/26523-378.pdf</a>	Parts II, III, IV, and V
17. NY State Bar Assn. (Michael J. Halladay, Chair of the Committee on Securities Regulation)	<a href="http://www.sec.gov/rules/other/265-23/nysba040306.pdf">http://www.sec.gov/rules/other/265-23/nysba040306.pdf</a>	Parts II, III, and IV
18. Reznick Group, LLP (Robert Duggan, CPA)	<a href="http://www.sec.gov/rules/other/265-23/rgroup9488.pdf">http://www.sec.gov/rules/other/265-23/rgroup9488.pdf</a>	Part III
Small Broker Business Group (Craig McCrohon, Esq. Holland and Knight)	<a href="http://www.sec.gov/rules/other/265-23/cmccrohon1805.htm">http://www.sec.gov/rules/other/265-23/cmccrohon1805.htm</a>	Part IV
19. Society of Corporate Secretaries and Governance Professionals (by Barbara L. Blackford, Chair Task Force on Smaller Public Companies)	<a href="http://www.sec.gov/rules/other/265-23/blblackford040306.pdf">http://www.sec.gov/rules/other/265-23/blblackford040306.pdf</a>	Parts III, IV, and V
20. U.S. Chamber of Commerce (David Chavern, VP and Chief of Staff)	<a href="http://www.sec.gov/rules/other/265-23/dchavern040306.pdf">http://www.sec.gov/rules/other/265-23/dchavern040306.pdf</a>	Part III
21. Washington Legal Foundation (by Daniel J. Popeo, Chairman and General Counsel and Paul D. Kamenar, Sr. Executive Counsel)	<a href="http://www.sec.gov/rules/other/265-23/26523-383.pdf">http://www.sec.gov/rules/other/265-23/26523-383.pdf</a>	Parts II and III

**c) Investor/Consumer Protection Organizations**

1. American Association of Individual Investors	<a href="http://www.sec.gov/rules/other/265-23/wathorp031606.pdf">http://www.sec.gov/rules/other/265-23/wathorp031606.pdf</a>	Part III
2. CALPERS (Rob Feckner, President, Board of Administration)	<a href="http://www.sec.gov/rules/other/265-23/26523-362.pdf">http://www.sec.gov/rules/other/265-23/26523-362.pdf</a>	Part III
3. Consumer Federation of America; Consumer Action; Consumers Union; U.S. Public Interest Research Group; Fund Democracy (Joint Letter)	<a href="http://www.sec.gov/rules/other/265-23/cfa022206.pdf">http://www.sec.gov/rules/other/265-23/cfa022206.pdf</a>	Parts II and III

**d) Corporations and Corporate Executives Designated as being Affiliated with Corporations**

1. aBusinessPlan.com	<a href="http://www.sec.gov/rules/other/265-23/vduff031506.pdf">http://www.sec.gov/rules/other/265-23/vduff031506.pdf</a>	Parts II, III, and IV
2. ADM Tronics Unlimited, Inc.	<a href="http://www.sec.gov/rules/other/265-23/adimino6850.htm">http://www.sec.gov/rules/other/265-23/adimino6850.htm</a>	Part III
3. American River Ventures (O'Brien)	<a href="http://www.sec.gov/rules/other/265-23/jobrien9091.htm">http://www.sec.gov/rules/other/265-23/jobrien9091.htm</a>	Part III
4. Ampco-Pittsburgh Corporation	<a href="http://www.sec.gov/rules/other/265-23/dajohnson032306.htm">http://www.sec.gov/rules/other/265-23/dajohnson032306.htm</a>	Part III
5. Apex Venture Partners, Chicago	<a href="http://www.sec.gov/rules/other/265-23/gmmiddlemas032106.htm">http://www.sec.gov/rules/other/265-23/gmmiddlemas032106.htm</a>	Part III
6. Assurance Consulting 3, Inc. (Lowell Jobe, CPA, a full service SOX provider)	<a href="http://www.sec.gov/rules/other/265-23/lajobe4899.pdf">http://www.sec.gov/rules/other/265-23/lajobe4899.pdf</a>	Part III
7. Beard Miller Company,	<a href="http://www.sec.gov/rules/other/">http://www.sec.gov/rules/other/</a>	Part III

	LLP (Steven E. Morehart, Partner)	<a href="http://www.sec.gov/rules/other/265-23/semorehart040306.htm">265-23/semorehart040306.htm</a>	
8.	Benjamin Franklin Bancorp, Inc (Claire S. Bean, CFO)	<a href="http://www.sec.gov/rules/other/265-23/csbean033106.pdf">http://www.sec.gov/rules/other/265-23/csbean033106.pdf</a>	Parts III and IV
9.	Bexil Corporation	<a href="http://www.sec.gov/rules/other/265-23/tbwinmill031406.htm">http://www.sec.gov/rules/other/265-23/tbwinmill031406.htm</a>	Parts II, III, IV, and V
10.	Bottomline Technologies (Kevin Donovan, CFO)	<a href="http://www.sec.gov/rules/other/265-23/kdonovan5669.pdf">http://www.sec.gov/rules/other/265-23/kdonovan5669.pdf</a>	Part III
11.	Brad Smith, (President, WBS&A, a mgmt. consulting firm)	<a href="http://www.sec.gov/rules/other/265-23/bsmith9439.pdf">http://www.sec.gov/rules/other/265-23/bsmith9439.pdf</a>	Parts III and IV
12.	California Micro Devices, Inc. (Robert W. Dickinson, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/rvdickinson040206.htm">http://www.sec.gov/rules/other/265-23/rvdickinson040206.htm</a>	Part III
13.	CAM Commerce Solutions (Geoff Knapp, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/pcaceres2459.pdf">http://www.sec.gov/rules/other/265-23/pcaceres2459.pdf</a>	Part III
14.	CAM Commerce Solutions, Inc. (Paul Caceres, CPA, CFO)	<a href="http://www.sec.gov/rules/other/265-23/pcaceres2459.pdf">http://www.sec.gov/rules/other/265-23/pcaceres2459.pdf</a>	Part III
15.	Catapult Communications Corp. (Karp)	<a href="http://www.sec.gov/rules/other/265-23/rakarp4198.htm">http://www.sec.gov/rules/other/265-23/rakarp4198.htm</a>	Part III
16.	CEQ Charter Financial Corp (Robert L. Johnson, CEO)	<a href="http://www.sec.gov/rules/other/265-23/rjohnson8892.pdf">http://www.sec.gov/rules/other/265-23/rjohnson8892.pdf</a>	Parts II and III
17.	Champps Entertainment, Inc.	<a href="http://www.sec.gov/rules/other/265-23/ddwomack8775.htm">http://www.sec.gov/rules/other/265-23/ddwomack8775.htm</a>	Part III
18.	Charter Financial Corp (Kurt Kollar, CFO)	<a href="http://www.sec.gov/rules/other/265-23/ckollar2895.htm">http://www.sec.gov/rules/other/265-23/ckollar2895.htm</a>	Parts II, III, and IV
19.	China Natural Resources (Wong)	<a href="http://www.sec.gov/rules/other/265-23/ewong5561.htm">http://www.sec.gov/rules/other/265-23/ewong5561.htm</a>	Part III
20.	Citizens Bancorp (Sorenson)	<a href="http://www.sec.gov/rules/other/265-23/dlsorensen8509.htm">http://www.sec.gov/rules/other/265-23/dlsorensen8509.htm</a>	Part III
21.	Citizens Bancorp (Wysham)	<a href="http://www.sec.gov/rules/other/265-23/lewysham8756.pdf">http://www.sec.gov/rules/other/265-23/lewysham8756.pdf</a>	Part III
22.	Citizens Bank	<a href="http://www.sec.gov/rules/other/">http://www.sec.gov/rules/other/</a>	Parts III

(Zimbrick)	<a href="http://www.sec.gov/rules/other/265-23/smzimbrick4133.htm">265-23/smzimbrick4133.htm</a>	and IV
23. CMA, Inc. (Paul J. Van Damme, CA, VP Finance and CFO, and Frances Stafford, Manager, Internal Audit Control)	<a href="http://www.sec.gov/rules/other/265-23/fstafford040306.pdf">http://www.sec.gov/rules/other/265-23/fstafford040306.pdf</a>	Part III
24. Comm Bancorp, Inc. (Seasock)	<a href="http://www.sec.gov/rules/other/265-23/commbancorp032106.htm">http://www.sec.gov/rules/other/265-23/commbancorp032106.htm</a>	Part III
25. Corp.HQ Inc. (Steve Crane)	<a href="http://www.sec.gov/rules/other/265-23/scrane2493.htm">http://www.sec.gov/rules/other/265-23/scrane2493.htm</a>	Part IV
26. Corvel (Clemons)	<a href="http://www.sec.gov/rules/other/265-23/gclemons6063.htm">http://www.sec.gov/rules/other/265-23/gclemons6063.htm</a>	Part III
27. Criteria Labs (Fuller)	<a href="http://www.sec.gov/rules/other/265-23/tfuller032206.pdf">http://www.sec.gov/rules/other/265-23/tfuller032206.pdf</a>	Part III
28. DG Systems Inc. (Omar Choucair, CFO)	<a href="http://www.sec.gov/rules/other/265-23/ochoucair040206.htm">http://www.sec.gov/rules/other/265-23/ochoucair040206.htm</a>	Parts III and IV
29. East Penn Bank (Peters)	<a href="http://www.sec.gov/rules/other/265-23/blpeters5602.htm">http://www.sec.gov/rules/other/265-23/blpeters5602.htm</a>	Part III
30. ECHO Corporation	<a href="http://www.sec.gov/rules/other/265-23/jmbarry031406.htm">http://www.sec.gov/rules/other/265-23/jmbarry031406.htm</a>	Part III
31. Edge Petroleum Corporation	<a href="http://www.sec.gov/rules/other/265-23/26523-275.pdf">http://www.sec.gov/rules/other/265-23/26523-275.pdf</a>	Parts II, III, and V
32. Edgewater Technology, Inc.	<a href="http://www.sec.gov/rules/other/265-23/krrhodes7338.htm">http://www.sec.gov/rules/other/265-23/krrhodes7338.htm</a>	Part III
33. Embrex Inc. (Don T. Sequist, CPA, CFO)	<a href="http://www.sec.gov/rules/other/265-23/dtseaquist1203.htm">http://www.sec.gov/rules/other/265-23/dtseaquist1203.htm</a>	Part III
34. Endologix, Inc. (Krist)	<a href="http://www.sec.gov/rules/other/265-23/endologix032106.htm">http://www.sec.gov/rules/other/265-23/endologix032106.htm</a>	Part III
35. Enpath Medical, Inc.	<a href="http://www.sec.gov/rules/other/265-23/merdmann3621.htm">http://www.sec.gov/rules/other/265-23/merdmann3621.htm</a>	Part III
36. Escalade, Inc. (Frandsen)	<a href="http://www.sec.gov/rules/other/265-23/tdfrandsen7085.htm">http://www.sec.gov/rules/other/265-23/tdfrandsen7085.htm</a>	Part III
37. Fagan Capital	<a href="http://www.sec.gov/rules/other/265-23/wsfagan030806.htm">http://www.sec.gov/rules/other/265-23/wsfagan030806.htm</a>	Part IV

38. First Busey Corporation (Leister)	<a href="http://www.sec.gov/rules/other/265-23/vbleister032706.htm">http://www.sec.gov/rules/other/265-23/vbleister032706.htm</a>	Part III
39. First Business Bank (Corey Chambas, CEO)	<a href="http://www.sec.gov/rules/other/265-23/cchambas033006.htm">http://www.sec.gov/rules/other/265-23/cchambas033006.htm</a>	Part III
40. First National Bank of Jeffersonville (Sykes)	<a href="http://www.sec.gov/rules/other/265-23/etsykes032206.htm">http://www.sec.gov/rules/other/265-23/etsykes032206.htm</a>	Part III
41. FirstService Corporation (Mike Natale, VP of Performance and Risk Mgmt.)	<a href="http://www.sec.gov/rules/other/265-23/mnatale032906.htm">http://www.sec.gov/rules/other/265-23/mnatale032906.htm</a>	Part III
42. Florida Public Utilities Company (Bachman)	<a href="http://www.sec.gov/rules/other/265-23/gbachman032306.htm">http://www.sec.gov/rules/other/265-23/gbachman032306.htm</a>	Part III
43. Florida, CFO Services, Inc. (Michael Tanner, CPA, helps companies implement SOX)	<a href="http://www.sec.gov/rules/other/265-23/mtanner6851.htm">http://www.sec.gov/rules/other/265-23/mtanner6851.htm</a>	Part III
44. Focus Enhancements (Brett Moyer, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/bmoyer032906.htm">http://www.sec.gov/rules/other/265-23/bmoyer032906.htm</a>	Part III
45. Focus Enhancements Inc. (Gary Williams, CFO)	<a href="http://www.sec.gov/rules/other/265-23/bmoyer032906.htm">http://www.sec.gov/rules/other/265-23/bmoyer032906.htm</a>	Part III
46. Frank E. Lawatsch, Jr., Esq. (Pitney Hardin, LLP on behalf of Ridgewood Energy Corporation)	<a href="http://www.sec.gov/rules/other/265-23/26523-306.pdf">http://www.sec.gov/rules/other/265-23/26523-306.pdf</a>	Parts II and IV
47. Gehl Company (Thomas W. Rettler, VP and CFO)	<a href="http://www.sec.gov/rules/other/265-23/26523-299.pdf">http://www.sec.gov/rules/other/265-23/26523-299.pdf</a>	Part III
48. Geron Corporation (Greenwood)	<a href="http://www.sec.gov/rules/other/265-23/dlgreenwood032406.pdf">http://www.sec.gov/rules/other/265-23/dlgreenwood032406.pdf</a>	Part III
49. Global Market Thoughtware, Inc. (Boyko)	<a href="http://www.sec.gov/rules/other/265-23/saboyko032706.pdf">http://www.sec.gov/rules/other/265-23/saboyko032706.pdf</a>	Part IV
50. Henry Investment Trust, L.P. (Wright)	<a href="http://www.sec.gov/rules/other/265-23/henryinvest032106.htm">http://www.sec.gov/rules/other/265-23/henryinvest032106.htm</a>	Part IV
51. ICO Corp.	<a href="http://www.sec.gov/rules/other/">http://www.sec.gov/rules/other/</a>	Part III

	<a href="http://www.sec.gov/rules/other/265-23/ajknapp030706.pdf">265-23/ajknapp030706.pdf</a>	
52. ICOS Vision Systems Corporation (Anton De Proft, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/adeproft9479.htm">http://www.sec.gov/rules/other/265-23/adeproft9479.htm</a>	Part III
53. Idaho Independent Bank	<a href="http://www.sec.gov/rules/other/265-23/krustavel032406.pdf">http://www.sec.gov/rules/other/265-23/krustavel032406.pdf</a>	<a href="#">Parts II, III, IV, and V</a>
54. IKONICS Corporation	<a href="http://www.sec.gov/rules/other/265-23/bulland031406.htm">http://www.sec.gov/rules/other/265-23/bulland031406.htm</a>	Part III
55. Intervideo, Inc. (Clements)	<a href="http://www.sec.gov/rules/other/265-23/pclements032406.htm">http://www.sec.gov/rules/other/265-23/pclements032406.htm</a>	Parts III and V
56. Intervideo, Inc. (Dizon)	<a href="http://www.sec.gov/rules/other/265-23/rrdizon032206.htm">http://www.sec.gov/rules/other/265-23/rrdizon032206.htm</a>	Parts III and V
57. Investors Real Estate Trust (Karin M. Wentz, Associate General Counsel)	<a href="http://www.sec.gov/rules/other/265-23/kmwentz040306.htm">http://www.sec.gov/rules/other/265-23/kmwentz040306.htm</a>	Part III
58. Kanagawa Holdings LLC	<a href="http://www.sec.gov/rules/other/265-23/kanagawa030806.pdf">http://www.sec.gov/rules/other/265-23/kanagawa030806.pdf</a>	Part IV
59. Kentucky First Federal Bancorp (R. Clay Hulette, VP and CFO)	<a href="http://www.sec.gov/rules/other/265-23/rchulette033106.pdf">http://www.sec.gov/rules/other/265-23/rchulette033106.pdf</a>	Parts III and IV
60. Kona Grill, Inc. (Mark Robinow, CFO)	<a href="http://www.sec.gov/rules/other/265-23/msrobinow2728.pdf">http://www.sec.gov/rules/other/265-23/msrobinow2728.pdf</a>	Part III
61. Lantronix, Inc. (Marc H. Nussbaum, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/mhnussbaum5134.htm">http://www.sec.gov/rules/other/265-23/mhnussbaum5134.htm</a>	Part III
62. Leesport Financial Corp. (Edward C. Barrett, CPA, EVP and CFO)	<a href="http://www.sec.gov/rules/other/265-23/ecbarrett4585.htm">http://www.sec.gov/rules/other/265-23/ecbarrett4585.htm</a>	Parts III and IV
63. Life Partners, Inc. (Nina Piper, CFO)	<a href="http://www.sec.gov/rules/other/265-23/napiper2670.htm">http://www.sec.gov/rules/other/265-23/napiper2670.htm</a>	Parts II and III
64. LMI Aerospace (Lawrence C. Dickenson)	<a href="http://www.sec.gov/rules/other/265-23/ledickinson6165.pdf">http://www.sec.gov/rules/other/265-23/ledickinson6165.pdf</a>	Part III
65. Macatawa Bank Corporation	<a href="http://www.sec.gov/rules/other/265-23/jswswets7420.htm">http://www.sec.gov/rules/other/265-23/jswswets7420.htm</a>	Part III



66. MainSource Financial Group (Kunkel)	<a href="http://www.sec.gov/rules/other/265-23/dikunkel032406.htm">http://www.sec.gov/rules/other/265-23/dikunkel032406.htm</a>	Parts III and V
67. MainSource Financial Group (Phillip Frantz, Director)	<a href="http://www.sec.gov/rules/other/265-23/pafrantz032806.htm">http://www.sec.gov/rules/other/265-23/pafrantz032806.htm</a>	Part III
68. MainSource Financial Group, Inc. (James L. Saner President/CEO)	<a href="http://www.sec.gov/rules/other/265-23/jlsaner040306.htm">http://www.sec.gov/rules/other/265-23/jlsaner040306.htm</a>	Parts III and V
69. Managed Funds Association (John G. Gaine, President)	<a href="http://www.sec.gov/rules/other/265-23/jggaine2002.pdf">http://www.sec.gov/rules/other/265-23/jggaine2002.pdf</a>	Parts III and IV
70. Maxwell Technologies, Inc. (Tim T. Hart, CFO, and Daniel Reineck, Director of SEC Reporting and SOX Compliance)	<a href="http://www.sec.gov/rules/other/265-23/dreineck2743.pdf">http://www.sec.gov/rules/other/265-23/dreineck2743.pdf</a>	Part III
71. MGE Energy, Inc (Terry A. Hanson, VP, CFO & Sec.)	<a href="http://www.sec.gov/rules/other/265-23/tahanson040306.pdf">http://www.sec.gov/rules/other/265-23/tahanson040306.pdf</a>	Part III
72. Nanophase Technologies Corporation (Jess Jankowski, CFO)	<a href="http://www.sec.gov/rules/other/265-23/jjankowski040306.pdf">http://www.sec.gov/rules/other/265-23/jjankowski040306.pdf</a>	Part III
73. Neenah Paper Inc. (Alan Barnes, CPA Director of Internal Audit)	<a href="http://www.sec.gov/rules/other/265-23/abarnes6153.pdf">http://www.sec.gov/rules/other/265-23/abarnes6153.pdf</a>	Part III
74. New Jersey Mining Company	<a href="http://www.sec.gov/rules/other/265-23/fbrackebusch031306.htm">http://www.sec.gov/rules/other/265-23/fbrackebusch031306.htm</a>	Parts II, III, IV, and V
75. NexMed, Inc. (Liu)	<a href="http://www.sec.gov/rules/other/265-23/vhliu7606.htm">http://www.sec.gov/rules/other/265-23/vhliu7606.htm</a>	Part III
76. Nortech Systems Inc. (Rich Wasielewski, CFO)	<a href="http://www.sec.gov/rules/other/265-23/rwasielewski033106.htm">http://www.sec.gov/rules/other/265-23/rwasielewski033106.htm</a>	Part III
77. Northern European Oil Royalty Trust (John R. Van Kirk, Managing Director)	<a href="http://www.sec.gov/rules/other/265-23/jrvankirk040306.pdf">http://www.sec.gov/rules/other/265-23/jrvankirk040306.pdf</a>	Part III
78. OPNET Technologies, Inc (Ramsey W. Price	<a href="http://www.sec.gov/rules/other/265-23/rwprice6645.pdf">http://www.sec.gov/rules/other/265-23/rwprice6645.pdf</a>	Part III

Director of Internal Audit)		
79. OptimumBank Holdings	<a href="http://www.sec.gov/rules/other/265-23/rlbrowdy9017.htm">http://www.sec.gov/rules/other/265-23/rlbrowdy9017.htm</a>	Parts III and IV
80. Panhandle State Bank (Barbara Strickfaden, Director, Chair of Corp. Governance committee)	<a href="http://www.sec.gov/rules/other/265-23/26523-311.pdf">http://www.sec.gov/rules/other/265-23/26523-311.pdf</a>	Parts III and IV
81. Pemco Aviation Group (Robert Joyal, Director)	<a href="http://www.sec.gov/rules/other/265-23/rejoyal8006.htm">http://www.sec.gov/rules/other/265-23/rejoyal8006.htm</a>	Part III
82. Pemco Aviation Group, Inc. (Ronald A. Aramini, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/raaramini6504.htm">http://www.sec.gov/rules/other/265-23/raaramini6504.htm</a>	Part III
83. Performance Technologies (Dorrance W. Lamb Sr. VP and CFO)	<a href="http://www.sec.gov/rules/other/265-23/dwlamb040306.pdf">http://www.sec.gov/rules/other/265-23/dwlamb040306.pdf</a>	Part III
84. Pervasive Software	<a href="http://www.sec.gov/rules/other/265-23/26523-229.pdf">http://www.sec.gov/rules/other/265-23/26523-229.pdf</a>	Part III
85. Petro Stopping Centers, L.P. (Escudero)	<a href="http://www.sec.gov/rules/other/265-23/eescudero9492.htm">http://www.sec.gov/rules/other/265-23/eescudero9492.htm</a>	Part III
86. Petroleum Development Corporation (by Laurence Lese, Duane Morris)	<a href="http://www.sec.gov/rules/other/265-23/lsele033006.pdf">http://www.sec.gov/rules/other/265-23/lsele033006.pdf</a>	Part III
87. Phase Forward, Inc. (Roger Weismann, (Sr. VP and CFO)	<a href="http://www.sec.gov/rules/other/265-23/rweismann3735.pdf">http://www.sec.gov/rules/other/265-23/rweismann3735.pdf</a>	Part III
88. PicoHoldings Inc. (Max Webb)	<a href="http://www.sec.gov/rules/other/265-23/mwebb040306.pdf">http://www.sec.gov/rules/other/265-23/mwebb040306.pdf</a>	Part III
89. Plexus Consulting	<a href="http://www.sec.gov/rules/other/265-23/pjchepucavage031506.pdf">http://www.sec.gov/rules/other/265-23/pjchepucavage031506.pdf</a> ;	Parts III and IV
90. Plumas Bancorp (Ryback)	<a href="http://www.sec.gov/rules/other/265-23/ajryback2739.htm">http://www.sec.gov/rules/other/265-23/ajryback2739.htm</a>	Parts III and IV
91. Portec Rail Products, Inc. (Sedlacko)	<a href="http://www.sec.gov/rules/other/265-23/drstedlacko7905.pdf">http://www.sec.gov/rules/other/265-23/drstedlacko7905.pdf</a>	Part III

92. Preformed Line Products, Inc. (Eric Graef (VP of Finance))	<a href="http://www.sec.gov/rules/other/265-23/26523-345.pdf">http://www.sec.gov/rules/other/265-23/26523-345.pdf</a>	Part III
93. Quovadx, Inc. (Pullam)	<a href="http://www.sec.gov/rules/other/265-23/quovadx032106.htm">http://www.sec.gov/rules/other/265-23/quovadx032106.htm</a>	Part III
94. R.G. Associates, Inc. (Jack Ciesielski, CPA, CFA)	<a href="http://www.sec.gov/rules/other/265-23/jtciesielski4794.pdf">http://www.sec.gov/rules/other/265-23/jtciesielski4794.pdf</a>	Part III
95. RamTron Intl. Corp. (Eric Balzer, Director and CFO)	<a href="http://www.sec.gov/rules/other/265-23/eabalzer032906.pdf">http://www.sec.gov/rules/other/265-23/eabalzer032906.pdf</a>	Part III
96. Rediff.com India Ltd. (Joy Basu, CFO)	<a href="http://www.sec.gov/rules/other/265-23/jbasu7559.pdf">http://www.sec.gov/rules/other/265-23/jbasu7559.pdf</a>	Part III
97. Savannah Bancorp (Robbie Briscoe, CFO)	<a href="http://www.sec.gov/rules/other/265-23/rbbriscoe033106.pdf">http://www.sec.gov/rules/other/265-23/rbbriscoe033106.pdf</a>	Part III
98. Savannah Bancorp (Robbie Briscoe, CFO)	<a href="http://www.sec.gov/rules/other/265-23/rbbriscoe040306.pdf">http://www.sec.gov/rules/other/265-23/rbbriscoe040306.pdf</a>	Part III
99. Savannah Bancorp Inc. (Briscoe)	<a href="http://www.sec.gov/rules/other/265-23/rbbriscoe032106.htm">http://www.sec.gov/rules/other/265-23/rbbriscoe032106.htm</a>	Part III
100. Seabright Insurance Holdings Inc. (John Pasqualetto, Chairman, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/jgpasqualetto5361.pdf">http://www.sec.gov/rules/other/265-23/jgpasqualetto5361.pdf</a>	Part III
101. SEMI North America (by Victoria Hadfield, President)	<a href="http://www.sec.gov/rules/other/265-23/vdhadfield040306.pdf">http://www.sec.gov/rules/other/265-23/vdhadfield040306.pdf</a>	Parts III, IV and V
102. Seneca Foods, Inc.	<a href="http://www.sec.gov/rules/other/265-23/khkayser031306.htm">http://www.sec.gov/rules/other/265-23/khkayser031306.htm</a>	Part III
103. Softbrands, Inc. (Dave Latzke, CFO)	<a href="http://www.sec.gov/rules/other/265-23/dlatzke4991.htm">http://www.sec.gov/rules/other/265-23/dlatzke4991.htm</a>	Parts II and III
104. Special Opportunity Value Fund, LLC (Hugh Wilson, CFO)	<a href="http://www.sec.gov/rules/other/265-23/hswilson4752.htm">http://www.sec.gov/rules/other/265-23/hswilson4752.htm</a>	Part III
105. Steven J. Seidemann, (General Counsel, D.E. Shaw, LLP)	<a href="http://www.sec.gov/rules/other/265-23/deshaw040306.pdf">http://www.sec.gov/rules/other/265-23/deshaw040306.pdf</a>	Part IV
106. Stewart Information Services Corp.	<a href="http://www.sec.gov/rules/other/265-23/26523-274.pdf">http://www.sec.gov/rules/other/265-23/26523-274.pdf</a>	Part III
107. Stewart Information Services, Inc. (Max Crisp, EVP and CFO)	<a href="http://www.sec.gov/rules/other/265-23/26523-274.pdf">http://www.sec.gov/rules/other/265-23/26523-274.pdf</a>	Part III

108. Stock Sale Compliance, LLC, (Bryan Spaulding, President and CEO, NASD Broker/Dealer specializing in SB companies)	<a href="http://www.sec.gov/rules/other/265-23/bspaulding7639.pdf">http://www.sec.gov/rules/other/265-23/bspaulding7639.pdf</a>	Part IV
109. Superior Essex, Inc. (David S. Aldridge, CFO and EVP)	<a href="http://www.sec.gov/rules/other/265-23/dsaldridge8623.pdf">http://www.sec.gov/rules/other/265-23/dsaldridge8623.pdf</a>	Part III
110. Thornwater, Inc.	<a href="http://www.sec.gov/rules/other/265-23/tdorourke9332.htm">http://www.sec.gov/rules/other/265-23/tdorourke9332.htm</a>	Parts II, III, IV, and V
111. United Financial Corp. (Delaney)	<a href="http://www.sec.gov/rules/other/265-23/pdelaney5545.htm">http://www.sec.gov/rules/other/265-23/pdelaney5545.htm</a>	Part III
112. Utah Medical Products, Inc.	<a href="http://www.sec.gov/rules/other/265-23/prichins9422.pdf">http://www.sec.gov/rules/other/265-23/prichins9422.pdf</a>	Part III
113. Voxware, Inc.	<a href="http://www.sec.gov/rules/other/265-23/pcommons2254.htm">http://www.sec.gov/rules/other/265-23/pcommons2254.htm</a>	Part III
114. VSE Corp. (DM Ervine, President and CEO)	<a href="http://www.sec.gov/rules/other/265-23/dmervine032806.pdf">http://www.sec.gov/rules/other/265-23/dmervine032806.pdf</a>	Part III
115. Wainwright Bank (Jan A. Miller, President)	<a href="http://www.sec.gov/rules/other/265-23/jamiller040306.pdf">http://www.sec.gov/rules/other/265-23/jamiller040306.pdf</a>	Parts III and IV
116. Wakefern.com (Kevin Begley)	<a href="http://www.sec.gov/rules/other/265-23/kbegley2231.htm">http://www.sec.gov/rules/other/265-23/kbegley2231.htm</a>	Part III
117. Wynnefield Capital, Inc.	<a href="http://www.sec.gov/rules/other/265-23/26523-308.pdf">http://www.sec.gov/rules/other/265-23/26523-308.pdf</a>	Part IV
118. Wynnefield Capital, Inc. (Nelson Obus)	<a href="http://www.sec.gov/rules/other/265-23/26523-308.pdf">http://www.sec.gov/rules/other/265-23/26523-308.pdf</a>	Part IV

**e) Individuals**

1. Tom Allen	<a href="http://www.sec.gov/rules/other/265-23/tallen030706.htm">http://www.sec.gov/rules/other/265-23/tallen030706.htm</a>	Part IV
2. Robert G. Bardwell	<a href="http://www.sec.gov/rules/other/265-23/rgbardwell9261.htm">http://www.sec.gov/rules/other/265-23/rgbardwell9261.htm</a>	Part IV
3. Bruce M. Barrett	<a href="http://www.sec.gov/rules/other/265-23/bbarrett030406.htm">http://www.sec.gov/rules/other/265-23/bbarrett030406.htm</a>	Parts III and IV
4. Donald Chapin	<a href="http://www.sec.gov/rules/other/265-23/dhchapin031506.pdf">http://www.sec.gov/rules/other/265-23/dhchapin031506.pdf</a>	Part III

5. James Cox, Duke Law Professor	<a href="http://www.sec.gov/rules/other/265-23/26523-309.pdf">http://www.sec.gov/rules/other/265-23/26523-309.pdf</a>	Part III
6. Drew Field	<a href="http://www.sec.gov/rules/other/265-23/dfield3119.htm">http://www.sec.gov/rules/other/265-23/dfield3119.htm</a>	Part IV
7. Paul F. Frenkiel	<a href="http://www.sec.gov/rules/other/265-23/pfrenkiel1928.htm">http://www.sec.gov/rules/other/265-23/pfrenkiel1928.htm</a>	Part III
8. Mark Hart	<a href="http://www.sec.gov/rules/other/265-23/mhart4231.htm">http://www.sec.gov/rules/other/265-23/mhart4231.htm</a>	Part III
9. Hamp Haucke (Aviation industry)	<a href="http://www.sec.gov/rules/other/265-23/hhaucke3134.pdf">http://www.sec.gov/rules/other/265-23/hhaucke3134.pdf</a>	Part III
10. Joseph P. Herbst	<a href="http://www.sec.gov/rules/other/265-23/jpherbst030706.htm">http://www.sec.gov/rules/other/265-23/jpherbst030706.htm</a>	Part II
11. Marie E. Jackson	<a href="http://www.sec.gov/rules/other/265-23/mejackson4441.htm">http://www.sec.gov/rules/other/265-23/mejackson4441.htm</a>	Part IV
12. J.L.	<a href="http://www.sec.gov/rules/other/265-23/jl3303.htm">http://www.sec.gov/rules/other/265-23/jl3303.htm</a>	Part IV
13. Paul F. Leone	<a href="http://www.sec.gov/rules/other/265-23/pfleone031106.htm">http://www.sec.gov/rules/other/265-23/pfleone031106.htm</a>	Part III
14. Stephen Marcus	<a href="http://www.sec.gov/rules/other/265-23/sm Marcus7776.htm">http://www.sec.gov/rules/other/265-23/sm Marcus7776.htm</a>	Part III
15. Miles Mochizuki	<a href="http://www.sec.gov/rules/other/265-23/mmochizuki4705.pdf">http://www.sec.gov/rules/other/265-23/mmochizuki4705.pdf</a>	Part III
16. Stephen J. Nelson	<a href="http://www.sec.gov/rules/other/265-23/26523-228.pdf">http://www.sec.gov/rules/other/265-23/26523-228.pdf</a>	Part IV
17. Robert Olds	<a href="http://www.sec.gov/rules/other/265-23/rolds5550.htm">http://www.sec.gov/rules/other/265-23/rolds5550.htm</a>	Part III
18. Richard M. Orin, CPA and Attorney	<a href="http://www.sec.gov/rules/other/265-23/26523-307.pdf">http://www.sec.gov/rules/other/265-23/26523-307.pdf</a>	Part V
19. Jerry Smith	<a href="http://www.sec.gov/rules/other/265-23/jjsmith4184.htm">http://www.sec.gov/rules/other/265-23/jjsmith4184.htm</a>	Part III
20. Anthony Ramos, CPA (Controller of a public company)	<a href="http://www.sec.gov/rules/other/265-23/aaramos4619.htm">http://www.sec.gov/rules/other/265-23/aaramos4619.htm</a>	Part III
21. Saiid Shahabi, CPA	<a href="http://www.sec.gov/rules/other/265-23/sshababi9781.htm">http://www.sec.gov/rules/other/265-23/sshababi9781.htm</a>	Parts III and IV

22. Bradley Sparks, CPA	<a href="http://www.sec.gov/rules/other/265-23/bsparks7651.htm">http://www.sec.gov/rules/other/265-23/bsparks7651.htm</a>	Part III
23. Don Stoecklein, Esq. (Stoecklein Law Group)	<a href="http://www.sec.gov/rules/other/265-23/stoecklein040306.pdf">http://www.sec.gov/rules/other/265-23/stoecklein040306.pdf</a>	Parts III and IV
24. Edward Wong	<a href="http://www.sec.gov/rules/other/265-23/ewong5561.htm">http://www.sec.gov/rules/other/265-23/ewong5561.htm</a>	Part III

**f) Members of Congress**

Rep. Michael G. Oxley and Rep. Richard H. Baker, U.S. House of Representatives	<a href="http://www.sec.gov/rules/other/265-23/mgoxley030206.pdf">http://www.sec.gov/rules/other/265-23/mgoxley030206.pdf</a>	Part III
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