



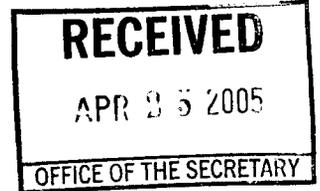
PLUMAS BANCORP

ADMINISTRATION OFFICE

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April 16, 2005



Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: File Number 4-497; Implementation of Internal Control Reporting Provisions of the Sarbanes-Oxley Act of 2002

Dear Mr. Katz:

Plumas Bank appreciates the opportunity to submit comments to the Securities and Exchange Commission concerning the implementation of the internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbox"). We are a public reporting bank holding company of approximately \$435 million in asset size and expect to spend approximately \$200,000 in annual Sarbox costs.

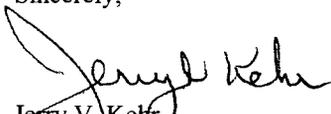
While we support the objectives of Sarbox of promoting greater integrity and responsibility in corporate financial reporting and disclosure, we are very concerned about the heavy regulatory burden that Section 404 is imposing on the community banking industry. The industry is already highly regulated and Section 404 will further strain the resources of publicly held community banks, impairing our profitability and capital, and making it difficult for us to compete with private banks and other providers of credit.

Plumas Bank urges the SEC to adopt an exemption from Section 404 for community banks with assets of less than \$1 billion as the banking regulators have done under their internal control requirements. We also recommend that the application of Accounting Standard No. 2 be tiered to the size and complexity of the institution, so that community banks are not subject to the type of internal control testing and auditing that may be appropriate for a large bank but unnecessary to achieve the desired ends for a community bank.

We also believe Accounting Standard No. 2 should provide additional guidance on what should be considered "material" for an internal control audit so that excessive testing can be avoided. This guidance should be clear enough so that excessive testing could be curtailed and audit firms could be comfortable enough with testing only essential functions that are directly related to financial reporting. Auditors should be able to rely more on bank examinations as well as the work of internal auditors and other internal staff. Furthermore, we recommend that the timing of SAS 70 reports be reviewed so that they can be dated prior to the fourth quarter concerning communications between auditors and management.

Thank you for the opportunity to comment on the implementation of Section 404.

Sincerely,


Jerry V. Keltz
Chairman of the Board