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August 30, 2005

Mr. Jonathan G. Katz
Committee Management Officer
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-9303

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OFFICE OF THE SECRETARY

File Number 265-23

Dear Mr. Katz,

This letter is in response to the SEC's request on August 2, 2005 for input from smaller public companies on ways to improve the current regulatory system under the securities laws of the United States, including the Sarbanes-Oxley Act of 2002 ("SOX"). operates 18 retail grocery stores through its subsidiary, and has a market capitalization of about $250 million. We would like to take this opportunity to express our concerns over the SOX implementation requirements and costs for our company, whose first SOX filing was for fiscal year 2004. Our company's concerns stem from the huge financial burden to implement SOX, difficulty in interpreting the subjective nature of the requirements, and the diversion of staff and management resources away from the daily operations of our company. These additional costs provided no real benefit for the company as was already operating with good internal controls (the SOX project revealed not a single material weakness in our company). Our concerns about the burden of SOX have also been previously addressed by our counsel, . letter addressed to Mr. William H. Donaldson, Chairman of the SEC (see attached).

As a small company with only 60 employees at the corporate level, we found it necessary to hire an outside consulting firm to assist in SOX compliance given the relatively short implementation period (was identified as an accelerated filer). The consulting firm worked in conjunction with the internal audit department to perform a risk assessment, document the business processes, and define and test key controls. Although is a small company with basic retail operations, we identified as many as 57 business and information technology processes that were documented and tested. The outside consulting costs alone exceeded $450,000 for approximately 2,500 hours of work. In addition, the external auditing fees for SOX compliance were an extra $450,000 over and above the auditing fees. ***The total project cost of just under $1.0 million, excluding internal resources, represents a significant 3% of 2004 operating***

income – not to mention the opportunity cost of having had key employees focused on SOX compliance rather than cost saving or revenue generating projects. We sincerely doubt that the company's shareholders view the SOX implementation costs as a good investment of company resources.

It became clear to management early into the SOX project that the implementation guidelines mandated by our external auditors (one of the big four), were extremely subjective in nature. Our external auditors all too frequently focused on minutiae and lost sight of the objectives. Guidance as to the documentation level required was sketchy and changed significantly as the project progressed. In response to an uncertainty of the subjective requirements, the company was forced to provide a multitude of documentation on all 57 business processes in the hope of receiving approval from the external auditors. There was no distinction made by the external auditors as to the documentation requirements for a small chain of 18 stores versus a larger company with 1,000 stores. In addition, as the project unfolded, the external auditors' requirements changed in regard to the level of documentation and the importance placed on certain processes. As an example, the external auditors initially required extensive documentation and testing on interface controls, for which the company relies heavily on manual controls. To better understand the external auditors' requirements and to defend the company's reliance on manual controls, numerous meetings were held between management, our outside consultants, and the external auditors on this topic alone. By the end of the SOX project, the external auditors' emphasis on this area had deteriorated to a level of disinterest. This is only one example of the many frustrations and countless meetings the company had to endure in trying to determine the scope of the SOX project.

The burden on management and staff resources to implement SOX was arduous and often interfered with the company's ability to manage the day-to-day business. Implementation was especially onerous for the company's "business process owners", including line managers, who were required to help prepare and review a multitude of documentation on their respective areas. In addition, the external auditors later queried these individuals extensively regarding the controls over their areas. As the external auditing firm utilized a large amount of lower-level auditors in the "walk-through" phase, the company's process owners were required to spend an excessive amount of time with these individuals to help them understand our business operations. These requirements often disrupted the duties of key business operators such as buyers and store personnel. In addition, the company's internal audit staff devoted nearly nine months to the project at the expense of their regular duties, while the corporate accounting staff spent a significant portion of the latter half of the year on the SOX project. Management strongly believes that the SOX project was disruptive to the company's ability to manage the business because of the diversion of key line and staff personnel.

The first year external costs of nearly $1.0 million, combined with the numerous internal resources required to implement SOX, were extremely burdensome for a small company such as While some companies found there was value in the effort to examine and document processes and in uncovering vulnerabilities and inefficiencies, the audit process itself appears to be flawed. It appears, based on recent changes in the wording of auditing guidelines, that the PCAOB is beginning to realize the external auditors' constricting control over public companies. We believe there needs to be a lot more of these types of changes, specifically for small companies, for a more cost-effective and well-received implementation of SOX. The SEC cannot legislate morality and/or business ethics.

had no way of knowing the total project costs until the final billing was submitted by the external auditors – a significant weakness in good business practices. The external auditor's initial project hours and costs were ultimately exceeded by 50%. In conclusion, the SOX Act has taken a tremendous amount of cash out of publicly traded companies and put it into the pockets of public accounting firms, and created a system that penalizes all public companies for the sins of a few unethical employees of companies and auditing firms.

Sincerely,

Enclosure

Cc:

BB/ch

March 19, 2004

Mr. William H. Donaldson, Chairman
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: Sarbanes-Oxley Internal Controls Requirements

Dear Mr. Donaldson:

I write to you in connection with the overwhelming burdens and costs which compliance with Section 404 of the Sarbanes-Oxley Act is causing a number of our small cap clients, such as our client . I hope that in reading this, you can be instrumental in eliminating some of the more burdensome requirements and extending the times for compliance.

is a holding company which is traded on NASDAQ National Markets. Its principal activity is the operation supermarkets in Southern California which is carried on by a subsidiary. As of June 27, 2003, its market capitalization was , but its market cap is currently about (which, as you know, is slightly above the level for accelerated filers). Although not presently an "accelerated filer," there is thus a probability that it would become an accelerated filer at the end of its current fiscal year in December 2004. Its after-tax income for 2002 was .

As you undoubtedly know, responding companies to the FEI Survey on Sarbanes-Oxley Section 404 Implementation expect to pay an average of $732,100 in order to comply with Section 404 of the Sarbanes-Oxley Act. And this does not include any costs of annual auditor attestation fees or internal company personnel. If this were the case for Arden (or anywhere near it), this would represent 5.25% of 2002 after-tax earnings.

Of even greater importance is the overwhelming time commitment that pervades management in order to prepare for timely compliance with Section 404. The responding companies to the FEI survey estimated an average 12,265 people hours to comply. That is an overwhelming burden for a company with a total of 65 people in its corporate offices (including departments of Human Services, Data Processing, Real Estate, Corporate Planning and the like), of which approximately 19 people are on its accounting staff (including accounts payable, payroll services and the other numerous normal accounting functions that a comprehensive business would have). The Company reports to us that it has had to take several internal people off of important tasks aimed at improving the Company's competitiveness, cost effectiveness, and cost savings, as well as engage part time personnel and consultants, in order to generate materials and procedures to prepare to comply with the requirements of Section 404.

Mr. William H. Donaldson, Chairman
March 19, 2004
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It is certainly understandable that the SEC and Congress are vitally interested in preventing fraud, improving internal controls and opening up information for shareholders and for the marketplace. However, when those requirements (particularly those necessary to obtain attestation) exceed what is reasonably necessary to achieve reasonable controls and are so burdensome, so expensive and so time consuming within a short period of time, it may be that the shareholders are hurt rather than helped. After all, if the company is unable to, for example, initiate cost savings programs because management is tied up with more than 12,000 people hours dedicated solely to Section 404 compliance, clearly the Company's bottom line—and thus its share price—will be adversely affected, and the shareholders will suffer.

It has also proved to be a real hardship for companies—particularly relatively small ones like - to design and document some of the newly required internal controls, without having any meaningful design input from the accountants and not knowing until after the end of the year, which of course is "after the fact," whether the systems are acceptable for the accountants' attestation—after so much management time and money has already been spent. Even then the Company still will not know what is acceptable or whether the systems designed and implemented are unacceptable to the accountants which, in turn, would result in non-compliance at that late date.

We would request that you and the Securities Exchange Commission consider two things: First, extend the compliance deadlines for small cap companies of the type Arden is for an additional twenty-four months, so that the companies can spread out both the concentration of management time as well as the expense of compliance. This would be particularly fair since when the 404 rules were first promulgated had until its year end report for fiscal 2005 to be in compliance. If it becomes an accelerated filer (which it must assume in order to be in compliance by the end of 2004, if required), it will be required to be in compliance by the end of 2004, one year earlier than it anticipated when the 404 rules were adopted by the Commission. Second, we would urge you to work with the PCAOB to look into easing some of the standards for attestation of internal controls.

We thank you in advance for your attention to these matters. It really is vitally important to and thousands of companies like

Very truly yours,