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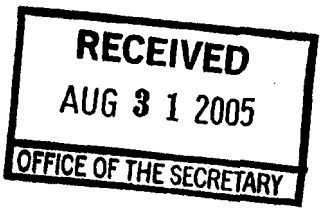

August 31, 2005

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

Re: File Number 265-23

Gentlemen:

The information below is being furnished to the SEC Advisory Committee on Smaller Public Companies in the desire that significant relief will be forthcoming from the SEC in terms of regulatory compliance for smaller public companies. It is also being forwarded to you in hard copy in triplicate.

Name

Organization

Street Address

City

State / Province

Country

Zip or Postal Code

Telephone Number

E-Mail Address

Company Market Capitalization

Other Company Size and Basis Of Measurement

General Impact of Sarbanes-Oxley Act

1. **Has SOX changed the thinking of smaller companies about becoming or remaining a public company? If so, how?**

We strongly believe that the compliance costs for small companies under SOX 404 are prohibitive. We also believe that many small companies are just becoming aware of the costs they will be facing. Further, we believe that small business has been the primary engine that has powered the growth of the United States. Many companies are started with the intention of going public if the company is successful. We further believe that without total or significant relief for small business from the requirements of SOX 404, many small regional investment banking firms may ultimately be forced to merge or go out of business, and a primary exit vehicle for venture capital startups will be gone. In order to avoid such a possibility, tremendous pressure has been put on both Congress and the Securities and Exchange Commission to alleviate the problem. We believe that such pressure will continue to increase as small businesses begin to be faced with shouldering the burden of compliance. This was confirmed on December 16, 2004 when William Donaldson, then Chairman of the SEC, announced at a press conference the formation of your advisory committee to examine the impact of SOX on smaller public companies. In "Frequently Asked Questions" (revised October 6, 2004), the Office of Chief Accountant, Division of Corporate Finance, in answer to question 16, noted that the Commission has recognized that many smaller issuers might encounter difficulties in evaluating their internal controls over financial reporting, and stated that the Commission staff "would support efforts by bodies such as COSO ("The Committee of Sponsoring Organizations of the Treadway Commission") to develop an internal control framework specifically for small issuers."

If we ultimately determine that compliance is financially impracticable, and no relief from such requirements is granted, we will have to consider the possibility of "going private." "Going private" means that we would, by reverse split or otherwise, reduce the number of our shareholders of record such that we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934 and, therefore, SOX 404. In that event, there would no longer be an established trading market for our common stock, a factor which could be expected to adversely impact the fair market value of our common stock.

Our belief is further confirmed by Henry Manne's editorial of June 6, 2005 in the Opinion section of The Wall Street Journal following William Donaldson's resignation as SEC Chairman effective June 30, 2005. "The resignation of SEC Chairman William Donaldson and the nomination of Chris Cox as the new chairman could not come at a more propitious moment.....There has also been considerable publicity given to recent studies calculating vastly higher costs for complying with Sarbanes-Oxley than had been predicted by SEC officials....The most widely discussed of these new estimates...puts investors' loss in stock value on passage of that act at around $1.4 trillion, an expensive bit of retribution for a few multi-million dollar defalcations.....Further evidence of the growing sense of a revolt against that act is shown by the appointment of an SEC advisory committee on smaller public companies. They will consider, among other things, the large number of publicly held companies going private (frequently citing SOX regulatory costs as a main reason). And there is concern about the number of European and Asian companies delisting from, or not listing on, U.S. exchanges—to say nothing of a drastic decline in domestic IPOs."

A recent Barron's article suggested that "the SEC may exercise its prerogative, make

exceptions and use its exemptive power to render optional the various regulatory provisions (of SOX404) found excessive. But, ***a better solution is in legislation recently introduced by Rep. Jeff Flake (R-Ariz.) that treats all companies equally and simply makes Section 404 of Sarbanes-Oxley voluntary.*** Firms could determine the appropriate level of controls by management discretion or by shareholder vote, with full disclosure to the SEC and in annual reports."

If it becomes apparent that no substantial relief is forthcoming, we would have to face the possibility of going private. We currently intend to take this step only as a last resort. If we were forced to take such a step, we would take such step in a manner so as to affect the least number of stockholders, leaving the door open to "going public" again by meeting all of the necessary reporting requirements as soon thereafter as we determine that the cost of compliance was reasonably affordable in light of our then current operations.

2. **Has SOX affected the relationship of smaller companies with their shareholders? If so, how?**

At our Annual Shareholders' Meeting held in June of 2005, concern was expressed by two of our shareholders over the possibility that the Company might "go private." This was of particular concern because two local companies had recently indicated that they were in the process of "going private" because of the burdensome costs associated with SOX compliance. Since the costs of compliance were still indeterminate at that time, we were able to alleviate the immediate concern. However, both the shareholders and the Company remain hopeful that total or significant relief from the burden of SOX 404 compliance for smaller companies will be forthcoming.

3. **Do you believe SOX has enhanced, or diminished, the value of smaller companies? Please explain.**

In our opinion, SOX has unquestionably diminished the value of smaller companies. Unlike most public companies, we have seen the full spectrum of what is involved with being a public company. Following an IPO in our shares were traded in the over-the-counter market until we listed on the AMEX We were de-listed by the AMEX in due to lack of earnings from continuing operations. This put us briefly in the "pink sheets" until we moved to the OTCBB.

We also know the "high" that comes with being listed on the Big Board. ve founded , which we partially spun off to shareholders in . Following two public offerings and several acquisitions i became so successful that it subsequently listed on the NYSE in
1
interest). So we believe we know better than most what it takes to move from the lowest level to the highest level of public companies. ***For smaller companies to survive, there can not be any unnecessary impediments—particularly those that are not cost effective—in their path. SOX 404 is not cost effective for smaller companies, and must be done away with at this level.***

4. **Has the current securities regulatory system, including SOX, increased or decreased the attractiveness of U.S. capital markets relative to their foreign counterparts for companies? For investors? Please explain.**

Following the advent of SOX, a number of companies have "gone private," and some foreign companies have dropped their plans to list on U.S. exchanges. There has also been a significant decline in the number of IPO's. The attractiveness of U.S. capital markets has without question decreased as companies consider the cost of shouldering the burden of complying with SOX and particularly SOX 404.

5. **Does the current securities regulatory system adversely impact or enhance this country's culture of entrepreneurship? Has the current system impaired or enhanced the ability of American companies to compete on a global basis? If so, how?**

The current regulatory system adversely impacts the country's culture of entrepreneurship. Anything that increases costs without a corresponding increase in the bottom line impacts profits and increases the risk of the enterprise. Many startups and smaller public companies don't compete on a global basis. To the extent that a company that must absorb the cost of regulatory compliance competes on a global basis, it will of necessity be at a disadvantage to a foreign competitor which is not faced with such cost.

6. **Has SOX resulted in a diversion of the attention of company management away from operational activities, or otherwise imposed an opportunity cost on the management of smaller public companies? If so, have the benefits of SOX justified the diversion or opportunity cost? Please explain.**

SOX has indisputably resulted in a diversion of the attention of company management away from operational activities. Such diversion has been far more burdensome for smaller public companies which do not, per se, have the manpower to spread such burden over their work force in a cost effective manner. Accordingly, the smaller the company, the greater the burden. ***For smaller companies there is no way that the benefits of SOX can outweigh the costs of compliance.***

I have 40+ years of experience as CEO or CFO of a public company, including my tenure at (where I was CFO f) and CEO from and (ii) re I have been President and CFO since from my experience, ***investors in smaller public companies*** are only interested in investing in them because they feel there is more upside potential for a big return then they would have with a seasoned company. They are betting on a concept, or a patent, or a product, or a belief that management can achieve a higher rate of growth in earnings than a seasoned company is likely to develop. They ***are, for the most part, looking for the "big hit."*** If the cost of SOX compliance is going to diminish those possibilities (which it will for smaller companies, particularly startups), or if such compliance will divert management's attention from achieving the company's profit objectives, they want no part of it. ***The opportunity*** for an investor ***to achieve a "big hit" is what has made America***, and the U.S. capital markets, ***great. To the extent that regulatory compliance throws road blocks in the way of smaller companies, you are only serving one purpose: You are killing the goose that laid the golden egg.***

7. **Does the current securities law disclosure system properly balance the interests of investors in having access to complete and accurate information for making investment decisions with the need for companies to protect information for competitive reasons? Please explain.**

During the third quarter of _ _ the Company executed a contract to recover and process coal fines from a disposal facility in West Virginia. Subject to obtaining the necessary financing, such project is expected to commence during the fourth quarter of Although the contract is such as ordinarily accompanies the kind of business conducted by one of our segments, we will need to file it as a material contract because, at this point in time, the Company's business will be substantially dependent upon such contract. We would like to request confidential treatment on, and exclude from our filing, the price per ton that we will receive for the coal we process, and perhaps some additional information that would be helpful to competitors as we pursue additional contracts. However, we have been advised by counsel that, if we do so, insiders will be precluded from selling any common stock which they own during the life of the contract because our shareholders, and potential purchasers of the stock, will not have full disclosure.

The sole purpose for making a confidential treatment request for a few key portions of the contract would be to keep such information from becoming available to the owners of pond projects upon which we expect to negotiate contracts in the future. As to our shareholders, they have no need to know, e.g., the price per ton we will receive on a contract. Their sole interest should be how much we expect to make on the contract. We have several insiders who have acquired common stock of the Company during the past several years when the Company has been losing money and have been taking Company stock in lieu of a portion of their salaries in some cases. Some of us have a need to dispose of some of our shares once the contract has been implemented and the Company is once again making money. We can not afford to be in a position where we can not sell Company shares under Rule 144, and will accordingly have to forego requesting confidential treatment on this contract even though we strongly believe that such treatment would serve the best interests of the Company and our shareholders.

8. **Has the current securities regulatory system had an impact on the amount and type of litigation to which smaller companies are subject? Has the overall impact on companies, investors and markets taken as a whole been positive or negative? Please explain.**

To my knowledge the current system has not had an impact on the amount and type of litigation to which smaller companies are subject because such companies are not yet subject to all of the requirements of SOX 404. Despite this, it has had a negative impact on all companies in terms of the cost of Directors' and Officers' Liability Coverage which has escalated in price. It appears that the impact on larger companies may have been positive in one sense to the extent that such companies feel that they have lessened their exposure to litigation and the market as a whole may feel more comfortable with their reported results.

9. **Has SOX changed the capital raising plans of smaller companies? If yes, how have those plans changed?**

As discussed above, some local companies (and many others nationally) have elected to "go private" rather than face the regulatory compliance cost required to continue to be public. Other companies that have elected not to "go private" have been faced with the necessity of raising the capital required for compliance which, in some cases, will require the raising of outside capital.

Has SOX affected the thinking of smaller companies about buying or being acquired by other companies or looking for merger partners or acquisition targets? Explain

your answer and indicate any way in which SOX has changed a smaller company from a buyer to a seller of a business, or vice versa.

I am sure that some smaller companies are and have been considering all of these options, and the answer in each case has or probably will be determined by the facts at hand. In the case of our Company, we have elected not to "go private" if we can possibly avoid it. We are not currently looking for merger partners or acquisition targets because we feel the opportunities available to us in our various segments are too great to give up and yet do not yet command a proper valuation in the marketplace. By the same token, we do not have the cash to make acquisitions and we are unwilling to give up common stock for acquisitions at the current market price of our shares. So SOX doesn't really enter into the equation for us in this arena.

SOX Section 404 / Internal Controls

10. **In developing a "risk-based" approach for assessing and auditing internal control over financial reporting for smaller companies under SOX Section 404, what criteria would you use to categorize internal controls from the highest risk to the lowest risk controls?**

    After gaining a full understanding of the business, the company's internal controls should be examined with a view towards determining where there exist opportunities for "material misstatement" in the financial statements, from the greatest to the fewest (or least "material"), and ranked accordingly.

11. **Do you believe that at least some SOX Section 404 internal controls for smaller companies can be appropriately assessed less often than every year? If so, what SOX Section 404 internal controls do you think need to be assessed by management every year?**

    No, all controls should be assessed annually. It would not be necessary to test in detail all controls after the initial year (such as those dealing with immaterial accounts such as petty cash) but the control processes should be reviewed annually and any changes tested for effectiveness.

12. **Current standards require that the auditor must perform enough of the testing himself or herself so that the auditor's own work provides the principal evidence for the auditor's opinion. Are there specific controls for smaller companies for which the auditor should appropriately be permitted to rely on management's testing and documentation? Are there specific controls for smaller companies where this is particularly not the case?**

    No, the auditor should continue to perform enough tests so that "the auditor's own work provides the principal evidence for the auditor's opinion." Obviously, some accounts offer less opportunity for "material misstatement" than others (e.g., petty cash vs. sales revenues and accounts receivable) but that is where the concept of materiality is paramount—unless the goal is to require the auditor to test every account.

13. **Is the cost and timing of SOX Section 404 certification a deterrent to smaller companies going public? Are there companies where this deterrent is appropriate? (I.e., are there companies that should not go public and is SOX Section 404 one**

appropriate control on the process?) If there is such a deterrent, would it be appropriate to provide some exemption or special consideration to companies that have recently gone public, and for how long would you extend this special treatment?

I am sure that the cost and timing of SOX 404 certification is a deterrent to smaller companies going public, and that there are companies that should not go public. However, I don't believe that SOX 404 certification is the appropriate deterrent. If a company is not ready to go public, its auditors, legal counsel and investment bankers should be able to convince management of that fact, and regulation is not the proper answer. Further, I do not believe that there should be some exemption or special consideration given to companies that have recently gone public. We strongly support a total exemption from SOX 404 requirements for smaller companies (see 14 below), but would not favor a special category for companies that have recently gone public.

14. **Do the benefits of SOX Section 404 outweigh its costs for smaller companies? Please explain.**

Absolutely not. As discussed in Question 6 above, investors in smaller companies are investing in such companies in the hope of getting a higher rate of return on their investment than they would expect to receive by investing in a Fortune 500 company or a seasoned company. They are interested in getting the "big hit," and not in corporate governance and internal controls. They want bottom line results, and anything that serves as a deterrent to achieving such results is a negative. Sure, they hope that the company has proper governance and controls, but that is not their primary concern. If their primary concern is that they not risk losing their investment or that somebody might steal the cookie jar they wouldn't be investing in smaller companies.

Would you support a total exemption from SOX Section 404 requirements for smaller companies? Why or why not?

Absolutely. SOX 404 serves no practical purpose for smaller companies for the reasons outlined above. The costs far outweigh the benefits.

The absolute brilliance of the U.S. capitalistic system—the free enterprise system—is that it gives credence to what the majority of our citizens desire—the mechanism to turn a simple idea into something of great value. We have spent the better part of the last 37 years doing just that. We formulated a hazardous waste management concept in tured it along for 16 years before it blossomed, and it turned into a :
We formed a liquid CO_2 business w the margins were unacceptable, switched our focus to solid CO_2 (dry ice) ; and sold the company for $20+ million ; In 1990 we acquired a research and development company specializing in coal-related technologies. After nurturing it along for 15 years it appears it is now coming into its own and could become highly profitable. ; we formed a subsidiary that developed proprietary internet payment technology which we believe has huge economic potential and which is currently one of the Plaintiffs in litigation agair . Along the way we have tried to shepherd countless other opportunities to a successful conclusion, most of them unsuccessfully.

Every dream starts with a great idea. Most don't reach a successful conclusion. Almost every U.S. company starts out with the idea that—if it is successful—its ultimate exit vehicle will be an IPO. The country has flourished during the last 30 years as venture

capitalists have provided the seed money to pursue these new concepts and ideas, many of which have been brought to a successful conclusion. Again, the contemplated exit vehicle in most cases has been an IPO. The vast majority of such companies have a market capitalization below $150 million at the time they are brought public. ***The last thing we need in this country is regulations that impede the IPO scenario. And this is exactly what SOX, and SOX Section 404 in particular, have accomplished.***

Would such an exemption have a negative effect on investors' interest or perception regarding smaller companies? Why or why not?

No, in my opinion. See our response to the first Question of this paragraph.

Accounting / Auditing

15. **Has SOX affected the relationship of smaller companies with their auditing firms? If yes, how? Is the change positive or negative?**

SOX has impacted all companies to some degree as the demand for auditors has increased, and there is not sufficient supply to meet the demand. So every company, large and small, public and private, has seen their audit costs increase to some degree. The smaller companies have not yet had to face the cost of SOX 404 compliance, and we are all hopeful that there will be partial if not total relief. Other than minor cost increases to date, our relationship with our auditing firm remains excellent and has not changed. We do not know how SOX may have affected the relationship of other small firms.

16. **Are the current accounting standards applied to all U.S. companies appropriate for smaller companies? If not, please explain what revisions to existing standards might be appropriate.**

With the exception of SOX 404 compliance, all current standards should be applied to all U.S. companies to allow the reader confidence in the statements presented. Where there are weaknesses in internal controls in companies without sufficient personnel, for instance, to provide a system of checks and balances, the auditor should test those weaknesses to such a degree as to allow reliance on the accuracy of the numbers presented. One set of standards, equally applied, allows the reader some confidence in the comparability of the numbers presented.

17. **For smaller companies, would extended effective dates for new accounting standards ease the burden of implementation and reduce the costs in a desirable way? How would such extensions affect investors or markets? Would allowing a company's independent auditors to provide more implementation assistance than they are able to currently reduce such burdens or costs? Would such a step positively or negatively affect the quality of audits? Please explain.**

Extended effective dates for smaller companies are desirable because this would ease the burden and cost of compliance.

This should not affect markets because the reasons for the extension are implicitly, if not explicitly, understood by the markets.

Allowing the company's independent auditors to assist in the implementation would reduce the

burdens and costs because of the auditor's familiarity with the business of the company. A second independent firm would incur a "learning curve" in familiarizing itself with the nuances of the company, its business and personnel. This learning curve adds to cost of the project and, while providing a fresh outlook on the issues, may result in overlooked items due to the lack of familiarity.

The quality of the audits should not be affected.

[The Advisory Committee is particularly interested in responses to questions 18-20 from companies with a market capitalization of $100 million or less.]

18. **Would auditors providing assistance with accounting and reporting for unusual or infrequent transactions impair the auditors' independence as it relates to smaller companies? Would providing such assistance reduce the cost of compliance for smaller companies? What would be the impact on the quality of audits, investors or markets? Please explain.**

If one accepts the theory that "providing assistance on how to record a transaction results in the auditor auditing his own work", then allowing the auditor to provide assistance would impair independence. This should not be a material risk because the argument assumes either inadvertent error or intentional disregard of rules and regulations. Assistance is not the same thing as sole responsibility. The auditor normally has resources available that the smaller companies do not, such as comprehensive libraries and professional contacts, and a familiarity with similar issues (and how they impact their client's business) through experience. To deny the smaller companies access to such knowledge is a waste of a valuable resource and, in a sense, assumes conviction of poor behavior before its commission.

Allowing smaller companies assistance from their auditors on unusual or infrequent transactions would reduce the cost of compliance compared to the alternative because of the ability to avoid the learning curve and the accessibility of the existing auditor. Existing relationships ARE valuable because of their very existence – reducing the time in learning styles of communication, tendencies to omit relevant facts, frames of reference, an appreciation of relative levels of expertise, etc.

Such assistance should not impact the quality of audits and would save money for the investor – the entity of concern in the first place.

19. **Is the quarterly Form 10-Q or Form 10-QSB information valuable to users of the financial statements of smaller companies? Would a system that required semi-annual reporting with limited revenue information provided in the other quarters reduce costs of compliance without decreasing the usefulness of the reported information to investors? Please explain.**

The Forms 10Q & 10QSB do provide valuable information for investors in smaller companies. And, the type of information presented and its format is controlled and, to a degree, uniform in presentation for the reader to make better comparisons between similar companies.

Limited semi-annual reporting would not provide enough useful information to the investor. Timely information is critical. And, more information is needed than that of just revenues. Expense information, plans for and changes in working capital, information regarding liquidity, and business relationships, to name a few, are all important types of information

benefiting the investor.

20. Is segment information useful for smaller companies? Please explain.

Segment information is useful for investors and this type of reporting should not be eliminated for smaller companies. The investor is allowed to see the areas of management emphasis and to make comparisons with prior periods. Each segment is presumably material to the company and the fact that a company is small should not diminish the importance of the theory of segment reporting for that smaller entity.

21. Should accounting standards provide smaller companies with different alternatives for measuring accounting events that would reduce the amount of time that would otherwise be spent by smaller companies to comply with those accounting standards? If these alternatives were available to smaller companies, would smaller companies take advantage of them even if the results of the measurements obtained from the alternatives were less favorable to them in the short term? Why or why not?

No, smaller companies should not be provided with different alternatives for measuring accounting events because this introduces more complexity for the reader. It is easier for the reader to make comparisons between entities if he does not have to make allowances in his comparisons for different standards and the effect they would have if the transaction were recorded under the other, "larger company" standard. One of the problems with the Internal Revenue Code is its complexity due to a myriad of laws and methods for handling transactions—see the Alternative Minimum Tax, for instance. The financial reader does not need two or more standards—an additional layer of complexity—for the same transaction.

A company would have to compare the lesser costs of compliance with the "small company standards" to the impact that the adoption those standards would have on the financial statements and the price of the company's stock – both in the short term *and* the long term. Questions could arise as to motive for adopting or not adopting the small company standards.

Companies would likely adopt those standards that presented their results in the most favorable light and which would have the best overall effect on the price of the company's stock.

Corporate Governance / Listing Requirements

22. Are the listing standards of the New York Stock Exchange, the American Stock Exchange, other exchanges or Nasdaq that require a majority of independent directors and independent audit, nominating and compensation committees (or in the alternative, in the case of Nasdaq, that nomination and executive compensation decisions at a minimum be recommended or determined by a majority of the independent directors) creating a hardship for smaller companies?

In our opinion such standards are reasonable for companies on the exchanges and Nasdaq, but undoubtedly may create a hardship for many smaller companies. We were in favor of such standards for the OTCBB, which would have separated our company from companies in the pink sheets that failed to, or elected not to, meet such standards, and were disappointed when the automated order delivery system for OTCBB securities was aborted.

Are there benefits to companies and investors of these listing standards in the context of smaller companies?

In our opinion there would be benefits since companies meeting such standards would hopefully inspire investor confidence that their shareholders' investment is being supervised in a proper manner.

Do the hardships outweigh the benefits in the case of smaller companies? If so, should these standards be revised for smaller companies, and, if so, how? In each case please explain.

In our opinion the hardships outweigh the benefits in the case of most smaller companies. For some smaller companies it is far easier to meet these standards than it is to absorb the costs of SOX 404 compliance, so there might be a middle ground for tiers of smaller companies based on their market capitalization.

Are smaller companies experiencing difficulty finding independent directors to satisfy these listing standards (including independent directors with the required level of financial literacy and sophistication for audit committee service)? What steps are being undertaken to meet these requirements?

I have no personal knowledge upon which to answer this one, although I strongly suspect that they are. I also don't know what steps are being undertaken.

23. **Other than director independence and concerns related to SOX Section 404-mandated internal controls, do you believe other aspects of governance and disclosure reform are unduly burdensome for smaller companies, taking into account the benefits they provide to investors and markets? If so, please explain which items are unduly burdensome and the extent of such burden. How could the burdens be appropriately ameliorated?**

After consideration, we feel they are not unduly burdensome.

24. **Is the loan prohibition contained in SOX creating a hardship for smaller companies?**

The prohibition against loans to directors and executive officers has not created a problem for us because we do not permit them. In our opinion the prohibition is a good thing and, if it has created any hardship for smaller companies, you might want to consider some relief.

If so, explain the manner in which this hardship is being created.

Not applicable to us.

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Do the benefits to companies and investors outweigh the hardships?

In our opinion the benefits outweigh any hardships.

Should the prohibition be clarified to exclude certain types of transactions where conflicts of interest or a likelihood of abuse may not be present?

I can visualize that some relief might be granted under these circumstances, but only if any loans are approved by a majority of disinterested directors and appropriately revealed in the "Related Party Transactions" section of the next Proxy Statement.

Disclosure System

25. Is the relief provided by SEC Regulation S-B meaningful? Why or why not?

I am not familiar with the provisions of Regulation S-B, so can't provide any meaningful input.

Should the SEC provide an alternative disclosure framework for smaller companies in the context of securities offerings and periodic reporting? Should the alternative framework be available to a broader category of companies than Regulation S-B is currently? Should the alternative framework be based on Regulation S-B or on a different approach? Could these steps be taken without impairing investor protection?

Ditto.

26. Are the costs of preparing and distributing printed paper versions of proxy statements and annual reports to shareholders unduly costly for smaller companies?

It is costly, but might not be considered unduly costly.

Describe the extent of such costs, and the amount that could be saved if the SEC allowed complete electronic delivery of documents.

We spent $10,600 this year to print and distribute the subject documents to our 1,002 shareholders. Assuming that shareholders would vote electronically under this scenario we would save this amount but would have to pay our transfer agent and ADP approximately $1,000 for handling such voting, so our net saving would be approximately $9,600.

27. Will the phase-down to the final accelerated reporting deadlines for periodic reports under the 1934 Act for companies with $75 million market capitalization (ultimately 60 days for Form 10-K and 35 days for Form 10-Q) be burdensome for smaller companies?

It will be for us, due to our operations in China and the delays in getting complete information from there.

If so, please explain the manner and extent of this burden. Does the burden outweigh benefits to investors and markets for smaller companies?

In our opinion the burden outweighs the benefits for smaller companies.

28. Should the current limit on the amount of securities that may be sold under Securities Act Rule 701 or the $5 million threshold that triggers an additional disclosure obligation under that rule be increased or modified in any way? Please explain.

We do not believe any modifications to Rule 701 are necessary.

Miscellaneous

29. If there is any other matter relating to the securities laws applicable to smaller companies that you wish to comment on or to bring to the Advisory Committee's attention?

I recognize that for large public companies ($500 million or greater market capitalization), the benefits of SOX and SOX 404 compliance may be worth the cost, particularly for those companies who want to "cover their a--" (pardon my French) and protect themselves from shareholder lawsuits. Other than that, and particularly ***with regard to SOX 404 compliance***, I believe ***the whole thing is total regulatory overkill and reflects the same pendulum effect and overreaction we had as a result of all of the hullabaloo over Y2K and its associated (and totally unnecessary and wasted) compliance cost.***

In conclusion, ***we can not emphasize too strongly how important we feel it is for the Commission to grant total relief to smaller companies*** from the onerous costs of SOX 404 compliance. If the Commission elects not to grant total relief to such companies they should, in our opinion, set up a tiered compliance approach, e.g., granting total relief to companies having a market capitalization below $100 million, and partial relief to companies having a market capitalization of $100 million to $500 million or $100 million to $300 million.

We also believe that ***the best, and*** by far the ***simplest, solution*** for all parties ***is*** the proposal introduced by Rep. Flake (see our response to Question 1) ***to make compliance with SOX 404 voluntary***. If this approach is adopted we would strongly suggest that ***the level of controls*** be ***determined by shareholder vote*** since the shareholders should be the final arbiter of what is in the best interest of the company. ***You can't beat the free enterprise system—all you have to do is allow it to work!***

Respectfully submitted,

cc: