



April 11, 2006

SEC Advisory Committee on Smaller Public Companies

Re: File no. 265-23

Ladies and Gentlemen:

We have reviewed the provisions of the above referenced Exposure Draft and feel compelled to write to offer our support for the efforts of the SEC's Advisory Committee.

Candela Corporation (NASDAQ: "CLZR") is a small public company with revenues of approximately \$120M and a market cap of approximately \$515M. We are an international company with sales and service operations in five (5) countries in addition to the two (2) manufacturing operations in the United States.

As a small company with such widespread operations the burden of the Sarbanes-Oxley Act of 2002 ("SOX") has severely strained the resources and reduced the financial performance of the Company. From the start of our effort to become compliant with the provisions of SOX in December 2003 up to the end of our last fiscal year in June 2005, Candela has expended \$1.15M on SOX for consultants and audit fees. In addition to these external costs, the value of internal labor and travel costs would add approximately \$500,000 to this figure, for a total SOX cost amounting to \$1.65M.

For a company such as Candela that is ISO certified, we have always strived to maintain appropriate controls over both our manufacturing processes as well as internal controls over our financial reporting. Admittedly, the controls over financial reporting were never documented prior to SOX but, through the efforts of our staff, we maintained a level of control over our business processes that would ensure accurate and timely financial reporting; the documenting of all processes has been the one benefit of the Sarbanes-Oxley Act.

In opposition to this minor benefit there are numerous negative issues associated with SOX, some related below:

- The cost of SOX has exceeded any perceived benefit. For a small company with many international locations extensive efforts have been required to train personnel, document processes and finally to test those processes. In the end, little has changed from the way processes were managed prior to the effort.
- Shareholder value has decreased by more than the amount expended on the SOX effort. The expenditure of \$1.65M over an 18 month period is a tremendous amount of money to be spent on something with limited benefit. These funds could have been used to fund research or employ additional staff to help to make the Company more competitive and thus enhance shareholder value.

SEC Advisory Committee on Smaller Public Companies

April 11, 2006

Page 2

- The positive professional relationships previously enjoyed between companies and audit firms have been reduced to adversarial tolerance. In the past small companies such as Candela sought the advice of their auditors when making complex decisions related to their business. Since the implementation of SOX this is no longer the situation; to the contrary, if advice is requested it becomes a "material weakness" because the Company does not have adequate internal resources.

We are not advocating that SOX should be eliminated; however, we are supporting the recommendation of the Advisory Committee to eliminate the requirement of smaller companies to have an attestation by the external auditors. This alone would save our Company in the vicinity of \$500,000 per year. Companies would still be required to evaluate their internal controls over financial reporting and this assessment would be attested to by the CEO and CFO according to the provisions of Section 302 of the Sarbanes-Oxley Act.

We have read numerous recommendations from various CPA firms in opposition to the opinion of the Advisory Committee and fully understand their perspective. However, one cannot expect a CPA firm to be in opposition to a ruling that has added so much revenue to their coffers. Unfortunately, this has come (disproportionately) at the expense of smaller companies and at the expense of formerly strong professional relationships.

We recommend that we unburden smaller businesses by adopting the recommendations of the Advisory Committee and appreciate the opportunity to express our opinion.

Sincerely,



Gerard E. Puorro
Chief Executive Officer



F. Paul Broyer
Chief Financial Officer



Darrell W. Simino
Corporate Director, Internal Audit & Controls