



BENJAMIN FRANKLIN BANCORP, INC.

March 31, 2006

The United States Securities and Exchange Commission  
Advisory Committee on Smaller Public Companies  
450 Fifth Street N.W.  
Washington, DC 20549

To the SEC Advisory Committee on Smaller Public Companies:

I am writing on behalf of the management team of Benjamin Franklin Bancorp, a financial services institution with a current market cap (excluding affiliates) of approximately \$104 million, total assets of \$867 million and total annual revenues of approximately \$30 million. We wholeheartedly support the Committee's recommendations to provide relief for smaller corporations from the requirements of Section 404 of the Sarbanes-Oxley Act ("SOX"). Our reasons are as follows:

1. **Cost/Benefit Not Evident:** The cost of compliance in this, Benjamin Franklin's first year, is estimated at \$275,000, consisting primarily of additional external audit fees, the hiring of additional internal audit staff and a limited expenditure for consulting assistance. On an after-tax basis, this represents 4.4% of normalized 2005 net income.

Benjamin Franklin has a well-developed risk-management system, and a system of internal control that is thoroughly documented in the organization's policies and procedures. We are subject to an annual external audit, as well as to frequent examinations by the FDIC, the Federal Reserve and the Massachusetts Banking Department. The expense, time and attention devoted to these outside audits and examinations are over and above the considerable resources we commit to our ongoing internal audit program. We believe that a requirement to re-document our controls in yet another framework, one prescribed by Section 404, would be a poor use of valuable resources for a company of our size. We further believe that a requirement for near continual testing of very large transaction samples by both internal and external auditors is overkill and not justified by the cost. Our existing audit testing program, which is built on a risk-based approach, operates effectively and has withstood the scrutiny of our external auditors and regulatory examiners.

2. **Significant Distraction From Core Business Activities:** The cost/benefit equation becomes more lopsided if the time required of management is considered. Benjamin Franklin is a relatively small institution in terms of staffing with approximately 160 employees and eleven members of its Management Committee. With a need to comply with Section 404 for 2006, many in management have been consumed by the obligations imposed by a structure that was clearly designed for companies many times our size. To the extent that this diverts attention from innovation and revenue-producing activities generally, it will be difficult to perform to our full potential.
3. **Effect on Competitiveness:** Benjamin Franklin competes with financial services entities across a wide spectrum. Credit unions, mutual savings banks, and mortgage companies are among the significant competitors we face, competitors that are not subject to the requirements of Section 404. Over the long-term, it may be difficult to remain competitive with a) the many competitors unaffected by Section 404, and b) the very large financial services providers for whom 404 compliance is a proportionately smaller expense item. With a cost burden that is outsized relative to our small size, it will be a struggle to compete effectively for new business and for the growth capital necessary to support efforts to expand.

We conclude that until a framework for assessing internal control over financial reporting is developed that recognizes the unique characteristics of smaller public companies, smaller companies should be exempt from all of the Section 404 internal control reporting requirements, subject to achieving certain corporate governance standards and the reporting of any known material weaknesses. While COSO has proposed additional guidance for smaller companies (as yet, not finalized), there is currently little practical guidance available to assist smaller companies in implementing the Treadway Commission's COSO internal control framework in a cost-effective manner.

Thank you for this opportunity to present our views, and for the efforts of the Committee to determine the appropriate application of the requirements of Section 404 to small public companies such as Benjamin Franklin.

Very truly yours,

Claire S. Bean  
Chief Financial Officer  
Benjamin Franklin Bancorp, Inc.