

3 April 2006

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

RE: Feedback on SEC Advisory Committee on Smaller Public Companies  
Exposure Draft of Final Report; File No. 265-23

Dear Mr. Katz and Members of the Advisory Committee,

Thank you for the opportunity to comment on the Advisory Committee's Final Recommendations to the SEC with regards to smaller public companies, Sarbanes-Oxley and particularly Section 404. I would like to also thank the committee for their hard work and engaging dialogue as they undertook quite a challenging mission.

It is widely acknowledged that in general, SOX was enacted with the best of intentions. Congress and the SEC took quick and decisive action to craft, codify and enforce legislation aimed at countermanding inflamed public reaction to intensely publicized corporate wrongdoing. If you read the paper or watched TV news it seemed for awhile as if every company in the U.S. was full of greedy and self-serving executives who were more than willing to defraud shareholders and even their own employees to achieve their malevolent aims. I believe, however, that rumors of the demise of corporate integrity have been greatly exaggerated.

Clearly, SOX has proven to be significantly more expensive and problematic to implement than its framers anticipated. The need to revisit SOX and 404 for smaller companies is in no small part due to the lack of field testing and feedback before enacting SOX as law. The cost hit has been especially true for smaller or struggling companies, low margin companies or companies that compete directly with foreign firms for whom the absence of bearing the direct cost of SOX compliance is now a competitive advantage relative to many of their U.S. competitors.

My company is in the aviation sector. Our market capitalization as I write this is approximately \$95MM - which makes us a microcap under the Committee's proposal. However, our 2005 revenues were just over the proposed \$250MM revenue trigger, and which would provide no exemptive relief under this proposal. Aviation in general has been rocked by a series of events beginning even before 9/11/01, and which is continuing now with skyrocketing fuel prices. Bankruptcies in the sector have been on a rampage. In this very challenging environment, many aviation companies have spent more on SOX compliance in 2005 than they earned in net income. Very significant corporate resources

that could have been targeted at making aviation more globally competitive have instead been spent to comply with regulation that is now under scrutiny for significant revision.

I believe that the Committee correctly identified where the vast majority of shareholder risk resides by segmenting public companies into buckets based on market capitalization. I also believe that the Committee missed the mark by proposing the use of revenue triggers, and that the revenue triggers would unfairly penalize firms that are currently in distressed industries, as well as for firms in struggling or low-margin industries or environments.

I support all of Committee's recommendations, except that I would entirely eliminate the use of revenue triggers and rely altogether on the recommended market cap thresholds.

Thanks again for the Committee's debate, diligence and hard work on the challenging task of putting SOX in a realistic cost/benefit perspective with regards to small and struggling companies.

Regards,

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