

To: SEC Advisory Committee on Smaller Public Companies

From: Kathryn Burns, Vice President and Director of Finance, Monroe Bank

I am writing to ask the Committee to consider recommending one of two things:

- increasing the market capitalization of “large companies” to an amount greater than \$75 million; or
- leaving the submission period at 75 days for annual reports (Forms 10-K) and at 40 days for quarterly reports (Form 10-Q) for all but the largest public companies (those with public equity exceeding \$700 million).

Our Company, Monroe Bancorp (“Company”), headquartered in Bloomington, Indiana, is an Indiana bank holding company with Monroe Bank as its wholly owned subsidiary. Monroe Bank is a community bank which operates sixteen branches in Southern and Central Indiana. Our stock is traded on the Nasdaq National Stock Market. At December 31, 2005, our Company had assets of \$634 million. The aggregate market value of the voting stock held by non-affiliates of the Company was \$85 million on June 30, 2004, therefore, we are considered to be a “large corporation” for SEC filing purposes.

I believe that the market capitalization threshold for determining “large corporations” should be increased from \$75 million. Relatively “small” companies such as ours must comply with the same accelerated filing schedule as such large companies as IBM and GE. A bank with public equity (held by non-affiliates) of \$85 million, such as ours, is in not a “large bank.” Therefore, we should not be considered to be a “large corporation” for SEC filing purposes.

When the SEC granted an exemption from the 60-day accelerated filing rule for 2004 for companies with outstanding common equity held by non-affiliates of less than \$700 million (Release No. 50754), they stated companies with \$700 million of public equity float represented approximately 96% of the U.S. equity market capitalization. There is such a wide gap between the \$700 million figure and \$75 million. The bulk of the companies with the most active market following are obviously much larger than \$75 million.

If the SEC is not willing to modify its definition of a “large corporation,” I would ask that the accelerated filing schedule remain at the 2004 deadline dates (75 days for annual reports and 40 days for quarterly reports) for all but the largest public companies (those with over \$700 million of public equity). The 60-day deadline for 2005 annual reports will place undue stress on internal accounting departments of relatively small companies as well as external auditors. I would ask the committee to get input from internal accounting departments of public companies’ (with public equity under \$700 million) and external public accounting firms to determine the feasibility and analyze the costs vs. the benefits of further accelerating the annual and quarterly filing deadlines for all companies for 2005.

