



September 19, 2005

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
Attn. Jonathan G. Katz, Secretary

RE: File No. 265-23 - Small Business Advisory Committee

Ladies and Gentlemen:

We are writing to urge the Securities and Exchange Commission to adopt the recommendation of the SEC Advisory Committee on Smaller Public Companies (the Committee) to further delay the implementation of Section 404 for smaller companies until fiscal years beginning on or after July 15, 2007 for the reasons stated in the Resolution Regarding Section 404 Compliance Dates For Non-Accelerated Filing Companies as recently adopted by the Committee. We believe that the additional time allowed for compliance is very important, in that it will allow smaller public companies like Rock of Ages additional time to continue its documentation of its internal controls and reduce the necessity and expense of retaining outside consultants to assist in that process to meet the current deadline. Most importantly, we believe that the additional time will allow current efforts by the PCOAB and COSO to improve and simplify the process of reporting on internal controls, and address the very significant cost issues facing both smaller public companies and all public companies.

Rock of Ages was founded in 1885 and is an integrated granite quarrier, manufacturer and retailer. Our principal products are granite memorials used primarily in cemeteries, and granite blocks used both for memorials and in the building industry. We have been a public company since 1997, and our shares are traded on the NASDAQ Stock Market under the ticker symbol "ROAC". We are a small company, with approximately \$87 million in revenues in 2004 and a current market capitalization of less than \$40,000,000. I am the Chairman and Chief Executive Officer of the Company and its largest shareholder.

While we have always believed and practiced full disclosure and producing financial statements that are as accurate as we can possibly make them, the burdens of complying with the detailed requirements of Sarbanes Oxley, particularly the audit of our internal

controls, involves costs that are completely disproportionate to the limited benefits that might result. In our view the most significant burden imposed on companies as a result of the Act and the implementation of the various regulations and accounting standards is the implementation of Section 404 of the Act and Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements (“AS 2”) issued by the PCOAB. Rock of Ages is not an accelerated filer and thus has not completed implementation of Section 404 and AS 2. However, from the middle part of 2003 through the present we have been preparing for the implementation, which is currently set to begin in 2006.

To put the costs in perspective for you, between 2001 and 2004 our audit fees have increased by \$50,000 or 16% to \$358,000. In addition, the total number of our full time internal accounting staff has increased and been upgraded as well resulting in our total internal costs for our full time finance team rising by \$100,000, or 20% to \$500,000 per year today.. In addition, to date, we have expended \$150,000 to hire outside consultants to assist in documenting internal controls. But this is minor as compared to the costs that we will incur to fully implement the balance of Section 404 and AS 2. Our auditors have advised us that based on their experience to date, our audit fee will double to approximately \$700,000 per year as a result of the audit of our internal controls. In order for us to fully comply, we expect to have to add 2 additional internal accounting employees at an expected total cost of \$120,000 per year. Leaving aside any additional consultant fees, our annual cost of complying with just the internal control requirements will be approximately \$500,000 per year.

Based upon our experience to date and the huge increase in audit fees and staff we will have to incur to comply with the detailed requirements of the audit of internal controls, we believe the costs of compliance with Section 404 far outweigh the benefits, particularly in the case of small companies like Rock of Ages. This is not to suggest that we don't support the goals of the Act to prevent fraud and improve financial and other disclosure by public companies. But the problem is that the requirements assume everyone is fraudulent and that companies have no interest in preventing fraudulent conduct by employees. That is not the reality of the large majority of the companies in the country. We believe that other provisions of the Act, such as the tightening of auditor independence and audit standards, and encouragement of “whistle blowing” will have an impact in preventing major fraud.

Like all public companies, Rock of Ages had internal controls in place prior to the enactment of Section 404. If past experience is any guide, those internal controls worked well. We felt that our internal controls, while perhaps not absolutely perfect, were certainly adequate given the size of our company and the complexity of our business. However, the “one size fits all” approach of Section 404 and AS 2 has changed our views on the adequacy of internal controls. Indeed, we venture to say there was not one company, no matter how large and no matter how well run, who didn't conclude that their internal controls would not meet the new standards of Section 404. For example, the rules under Section 404 provide that undocumented controls are per se not effective. Thus, the rules place a large premium on paper, despite the fact that the most recognized

authority on the design of systems and internal controls explicitly recognizes that for some companies, particularly smaller companies, the fact that controls are not documented does not mean that the internal control system is ineffective.^[1] As a result, we have engaged in a massive effort to document internal controls which we already believe to be adequate, and in the process hire experts at great expense to help our already beleaguered staff in this effort. Even after we complete this documentation process, the annual compliance cost will increase by \$500,000 as noted above.

While it's tempting to blame the accountants for charging exorbitant additional fees for Section 404 compliance, we believe that these additional fees are being driven by the inherent uncertainty surrounding the implementation of Section 404 and AS 2. The fact is that neither the accountants nor the experts we have hired have had sufficient experience to make the myriad judgments that must be made to determine whether internal controls are adequate for the purposes of Section 404. This naturally inclines both our experts and our accountants towards taking an extremely narrow and conservative view of what constitutes an adequate internal control system. The understandably conservative bias is clearly driving the very significant additional fees that we will incur to comply with Section 404. In the face of such uncertainty and doubt, and the very real possibility of professional liability if their judgments are wrong, who can blame the accountants and experts for choosing the most rigorous controls and making the most conservative judgments on what constitutes an adequate financial control system?

We urge you to not only accept the Committee's recommendation to delay the effective date of compliance by smaller companies such as ours, but to endeavor to create a much clearer, more precise and considerably less onerous set of regulations and procedures with respect to the entire area of internal controls and the monitoring of those internal controls by outside auditors for all publicly held companies.

We appreciate the opportunity to express our views on this matter and we would be pleased to discuss our comments or answer any questions you may have.

Sincerely yours,

/s/ Kurt M. Swenson

Kurt M. Swenson, Chairman/CEO

/KMS

^[1] Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control – Integrated Framework, 73 (1994) (the “COSO Report”).