



March 24,2006

Via email: rule-comments@sec.gov

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Federal Advisory Committee Management Officer
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File No. 265-23

To whom it may concern:

This letter is in response to the draft report of the Advisory Committee on Smaller Public Companies (“Committee”). For many reasons, only some of which are outlined in this letter, I strongly urge the Securities and Exchange Commission (“Commission”) to adopt the recommendations of the Committee. Further, I urge the Commission to take action to exempt banks subject to the requirements of the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) from compliance with Section 404 of the Sarbanes-Oxley Act (“SOX 404”).

Community banks, such as Idaho Independent Bank (“IIB”), operate in a highly regulated industry, and as such, must compete with a variety of regulated and unregulated financial institutions, mortgage companies, credit unions, and non-banks for a limited market. The banking industry provides a working model of what the Committee proposes. FDICIA already requires federally insured banks to address internal controls over financial reporting in much the same manner as SOX 404. The Federal Deposit Insurance Corporation (“FDIC”) and other banking regulatory bodies have instituted a graduated scheme that is similar to what is proposed by the Committee. Because of this existing regulatory framework, many of the requirements of SOX 404 are already in place, and thus, are redundant with respect to federally insured banks.

Because of our size, IIB typically has fewer financial and other resources than most of the larger companies with which we compete. As you are aware, the cost of SOX 404 compliance is roughly the same regardless of the size of the organization. Consequently, the impact of compliance is disproportionately higher for us than the majority of our primary competitors. At the same time, we compete with smaller

companies, such as mortgage companies and privately held banks that are not subject to SOX 404. One of the unintended consequences of SOX is that smaller public companies, and to a greater degree community banks, are caught in the middle and so are artificially put into a competitive disadvantage.

IIB is accustomed to complying with the spirit and letter of applicable federal and state regulations, so a significant percentage of our energy and operating expenses already relates to compliance activities. Whenever possible, we seek to get the most out of these efforts. In this case, the combination of the scope of SOX 404, redundant aspects of the regulation with respect to existing banking laws, and the short transition time to an accelerated filer status has created a situation where the costs far outweigh the benefits.

Again, I highly urge the Commission to take positive action on the Committee's recommendations.

Sincerely,

Kurt R. Gustavel
President & COO