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

**RE: Exposure Draft of the Advisory Committee on Smaller Public Companies –
File No. 265-23**

Dear Ms. Morris:

This letter is submitted in response to the SEC's request for comments on the Exposure Draft (ED) of the final report of the Advisory Committee on Smaller Public Companies (ACSPC).

We commend the significant effort the ACSPC spent over the past year on the issues set forth in the recommendations to increase capital formation and disclosure for smaller public companies. We have provided the following comments on specific recommendations, primarily as they relate to microcap companies.

Internal Control Over Financial Reporting

The ACSPC has recommended full exemption for microcaps and partial exemption for small cap companies (pertaining to the auditors report) from Section 404 of the Sarbanes Oxley Act of 2002 ("SOX"). The ACSPC, in general agrees internal controls over financial reporting at public companies are important.

We believe internal controls over financial reporting are an important feature for accurate financial reporting, market integrity and investor protection; however, for microcap companies we do not believe there is a measurable benefit that outweighs the burden.

Clearly the goal is to control the cost of the internal control burden while concurrently providing the benefits of adequate investor protection. It appears from the ED and the various comments submitted to date, there is insufficient information upon which a decision can be made. It is understood the cost to comply with SOX is significantly greater than compliance with pre-SOX rules, without reaching and implementing the rule in July of 2007 for microcap companies, it will be difficult to speculate on such costs.

The ED recommends exemptive relief from not only auditor involvement in reviewing internal controls, but also exempts the management of microcap companies from having to do their own internal assessment of such controls. It appears the basis for a total exemption for microcap companies is the total lack of guidance available to small company managers necessary to assist them in the documentation of an appropriate internal control structure.

Considering the assumed costs of compliance, the disproportionate assessment of costs against microcap companies, the benefit to our US employment base of small companies, and the lack of a quantitative monetary loss assessment to the investment community, the exemptive relief, at this time, should be approved by the Commission. That is not to say a more balanced approach to fixing the cost concerns of Section 404 compliance and mandating manager assertions and auditor attestation of internal controls should not be established. We believe the appropriate regulatory and de facto standard-setting body or bodies (the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Public Company Accounting Oversight Board (PCAOB), and/or the SEC) should develop specific guidance for microcap and small public companies.

We support the exemptive recommendations from Section 404 until such time as a more balanced approach in the form of specific guidelines is established for microcap companies.

Capital Formation, Corporate Governance and Disclosure

We generally support the ACSPC recommendations suggesting significant changes to the existing regulatory framework for securities issued by small businesses. Specifically, we support the following recommendations:

- Adopting a new private offering exemption from the registration requirements of the Securities Act, which does not prohibit general solicitation and advertising for transactions with purchasers who do not need all the protections of the Securities Act's registration requirements. Additionally, relax prohibitions against general solicitation and advertising found in Rule 502(c).
- Spearheading a multi-agency effort to create a streamlined NASD registration process for finders, M&A advisors and institutional private placement practitioners.
- Make information filed under Rule 15c2-11 available to the general public. We believe this should be applicable for all non-reporting public companies.
- Allow companies to compensate market-makers for work performed in connection with the filing of a Form 2-11, with full disclosure of such compensation arrangements. In addition, we would like to see guidelines for such compensation, and/or direct interaction between the issuer and the NASD. Additionally, NASD should streamline the Form 2-11 process, especially for reporting issuers, which would facilitate substantial cost savings and assist capital formation.

- Shorten the integration safe harbor from six months to 30 days.
- Designate securities traded on the Over-the-Counter Bulletin Board as “covered securities” under §18(b)(1)(B) of the '33 Act.
- Clarify the interpretation of or amend the language of Rule 152 integration safe harbor to permit a registered initial public offering to commence immediately after the completion of an otherwise valid private offering.

Conclusion

The comments in this letter have been limited, as mentioned, to selected recommendations of the ACSPC. We appreciate the opportunity to submit the foregoing to the Commission. We remain ready to discuss our comments with the Commission staff.

Yours truly,

Stoecklein Law Group