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**SECURITIES LAW UPDATE    February 4, 2008**

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**SEC PROPOSES DELAYING EFFECTIVENESS OF AUDITOR ATTESTATION  
OF INTERNAL CONTROLS FOR SMALLER REPORTING COMPANIES**

The Securities and Exchange Commission (the "SEC") unanimously proposed on January 31, 2008 a one-year extension of the Section 404(b) auditor attestation requirement for smaller reporting companies. Under the proposed extension, the Section 404(b) requirement would apply to smaller public companies beginning with fiscal years ending on or after Dec. 15, 2009. We believe that the additional one-year extension is highly likely to be adopted formally by the SEC within the next few months.

However, management's assessment on the effectiveness of internal controls over financial reporting is still required beginning with annual reports on Form 10-K now being prepared for fiscal years ended on or after December 15, 2007.

The SEC also announced the commencement of a cost-benefit study of the auditor attestation requirement for smaller reporting companies. The study will collect and analyze cost and benefit data from a broad array of companies currently complying with Section 404 under recently-issued guidance for reporting companies and auditors. The new guidance for management and the new auditing standard are intended to reduce the compliance costs of Section 404 while strengthening its focus on material controls. The SEC acknowledges that so far the costs associated with 404 compliance have been significantly higher than were originally projected when the Sarbanes-Oxley Act was adopted.

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