

December 9, 2009

The Honorable Barney Frank  
Chairman, House Committee on  
Financial Services  
United States House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Paul E. Kanjorski  
Chairman, Subcommittee on Capital Markets,  
Insurance, and Government Sponsored Enterprises  
United States House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable John P. Sarbanes  
Member, House Financial Services  
Committee  
United States House of Representatives  
2129 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Steve Cohen  
Member  
United States House of Representatives  
1005 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Frank, Subcommittee Chairman Kanjorski, Representative Sarbanes and Representative Cohen:

I am writing to you on behalf of the 360,000 members of the American Institute of Certified Public Accountants to express our support for your amendment concerning section 404(b) of the Sarbanes-Oxley Act, which we expect may be considered during the debate of the Wall Street Reform and Consumer Protection Act of 2009 (H.R. 4173).

The amendment would amend section 7606 of the bill by deleting the exemption for non-accelerated filers (those public companies with a market capitalization less than \$75 million) from the provisions of section 404(b) of the Sarbanes-Oxley Act of 2002. Left in place is the balance of section 7606 and section 7415 which, between them, provide for substantive studies to be made of the impact of section 404(b), and how that impact can be eased on all public companies with a market capitalization of less than \$250 million. Section 404(b) requires an audit of the management assertions made regarding their company's internal controls for financial reporting.

The Sarbanes-Oxley Act was enacted to protect all investors in public companies by increasing the accuracy and transparency of financial reporting. Effective internal controls are the bedrock of reliable financial reporting and are a first line of defense for preventing and detecting errors and fraud.

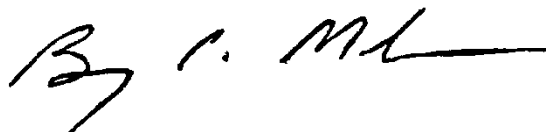
Congress, in enacting Sarbanes-Oxley, clearly viewed management and auditor reports on internal controls as necessary for assuring investors about the reliability of the reports that are used to make investment decisions every day. And they did so based on the experience with similar provisions applicable to insured financial institutions that were required by the Federal Deposit Insurance Corporation Improvement Act of 1991.

We are mindful of the cost to conducting such an audit. The 2007 adoption by the PCAOB of Auditing Standard No. 5 brought significant improvements to the internal control audit. In addition, the PCAOB created a task force and developed additional guidance in applying the requirements of the auditing standard in audits of smaller companies. This guidance was developed with assistance from the auditors of small companies and helps explain how to tailor audit procedures to a small company's particular facts and circumstances, thereby lessening the burden of the audit.

We strongly support investor protections, and do not believe that giving lesser protections to investors of small companies is appropriate. When the studies required by the bill are completed, they should provide a roadmap towards greater efficiencies in the audit process without reducing investor protections.

We strongly support this amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "B. C. Melancon". The signature is fluid and cursive, with a long horizontal stroke at the end.

AICPA  
Barry C. Melancon, CPA  
President and CEO

cc: Members of the United States House of Representatives