

# L·B·B BRIEFS FOR SMALLER REPORTING COMPANIES

**Permanent exemption from 404(b) being considered for smaller reporting companies:** On November 5, the House Financial Services Committee, led by Massachusetts Rep. Barney Frank, approved the Investor Protection Act. An amendment proposed by New Jersey Reps. John Adler and Scott Garrett would create a permanent exemption from Sarbanes-Oxley Act Section 404(b) for so-called non-accelerated filers below \$75 million in market capitalization. The amendment was approved 37-32, above the objections of Chairman Frank.

**IFRS Conversion Roadmap:** Senior SEC officials have been saying for months that they planned to reach a decision on their proposed Roadmap to convert U.S. companies to IFRS by the end of the year. But with less than a month remaining in 2009, it's anybody's guess whether they can actually meet their deadline.

Moreover, SEC officials get quizzed about the issue nearly every time they make a public statement. The latest word from SEC chief accountant James Kroeker is that accounting professionals can expect to "hear more from us on this topic in the near term." But Kroeker refused to get more specific than that. Four days earlier, SEC Chairman Mary Schapiro said the agency did not have a set timetable to review the Roadmap. The uncertainty means a major item on the agency's rule making agenda is hanging in limbo. Nearly 13 months have passed since the agency issued the proposal in Release No. 33-8982 , *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*. Eight months have gone by since the comment period closed.

**Overstock.com Files Un-reviewed Form 10-Q for Q3 2009:** In its most recent 10-Q filing, Overstock.com, "OSTK", disclosed that it had just recently terminated Grant Thornton, LLC and had not yet appointed new auditors. As a result, the subject filing was not reviewed. The underlying problem involves a disagreement between Grant Thornton and PwC, the auditors preceding Grant Thornton, on the accounting treatment of a relatively small matter. In Overstock's press release, Company CEO Patrick Byre evidences frustration at the situation with reference to the following quote: *"All things are subject to interpretation; whichever interpretation prevails at a given time is a function of power and not truth."* - Friedrich Nietzsche. Its full press release concerning this matter can be found in the Company's Form 8-K filed 11/17/09.

**The SEC's Division of Corporation Finance recently published the latest edition of its Financial Reporting Manual, as found at:**  
<http://www.sec.gov/divisions/corpfin/cffinancialreportingmanual.pdf> .

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