

## **Lord & Benoit Report**

### **Relaxed Sarbanes-Oxley Act Legislation, Completely Ineffective**

The following is a one page report summarizing the negative consequences of relaxed legislation of the Sarbanes-Oxley Act for public companies in America over the past eight years...

1. Research showed that the benefits of good internal controls exceed the cost [Lord & Benoit Report: Do the Benefits of Section 404 Exceed the Cost?](#)
2. Research showed above average share price gains for SOX compliant companies - study of all 2,481 calendar year end companies showed average share price gains of 27% for SOX compliant companies compared to Russell 3000 index of 17%. Financial ethics, transparency and internal controls are good for a company, its stakeholders and the country [WSJ: Checks on Internal Controls Pay Off.](#)
3. Research showed costs of SOX 404 internal controls compliance at \$78,000 or 13% below original SEC estimate of \$90k [Lord & Benoit Report: The Sarbanes-Oxley Investment.](#) Michael Oxley presented this data to the NYSE [Financial Week: Low odds for NYSE effort to ease SarbOx.](#)
4. Research showed that delayed legislation was not ineffective and resulted in twice as many material control weaknesses as companies who complied without delay [Lord & Benoit Report: First Year SOX Results for Small Business.](#)
5. Research showed first time SOX compliant companies and IPOs had more control problems than any other group [Lord & Benoit Report: First Year SOX Results.](#)
6. Research showed smaller companies and IPOs going through SOX for the first time show a large number of fraud factors [Lord & Benoit Report: Fraud in U.S. Non-Accelerated Filers.](#)
7. Experience showed that companies not required to comply with SOX 404(b) do not comply with SOX 404(a). This was proven in [CFO: Koss Fraud Case.](#)
8. Research showed that Restatements for IPOs are very high [WSJ: The Big Number 563.](#)
9. Research showed companies not subject to SOX 404(b) are more susceptible to bankruptcy [Lord & Benoit White Paper: The Tipping Point.](#)
10. Research presented to the SEC Subcommittee on Internal Controls showed that companies do not self-report control problems without enforcement [Lord & Benoit Report: Bridging the SOX Disclosure Control Gap.](#)