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### Lord & Benoit Post-Mortem of Small High-Tech Public Company Accentuates Need for Sarbanes-Oxley Compliance

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## Collision of relaxed regulation, executive excess and stormy economy leaves multi-million-dollar trail of financial destruction among investors, employees and suppliers.

WORCESTER, Mass., Feb 06, 2009 (BUSINESS WIRE) -- Lord & Benoit, a Sarbanes-Oxley (SOX) research and consulting firm, just released The Tipping Point: Collision of Relaxed Regulation, Small Business and the Economy, a White Paper snapshot of the current economic, ethical and political environment for small business SOX compliance in the new Obama Administration. The Tipping Point provides a sobering post-mortem case study of a small, high technology public company that, according to a well-informed financial insider, "could have been saved if it had been complying with Section 404." The company, which received millions of dollars in investor capital during years of SOX deadline extensions, filed for bankruptcy and left a painful trail of financial destruction among investors, employees and suppliers.

"As sad as this case study is," says Robert Benoit, President and Director of SOX Research, "this is not an isolated case. Financial fraud tends to increase when the economy is struggling, and while politicians and the media focus on the ills of big business, smaller public companies are garnering little if any attention and scrutiny." The Tipping Point walks readers through an easy-to-follow, concise post-mortem of the business failure: from the enthusiastic start-up with the charismatic and visionary executive, cutting-edge technology, glowing publicity, euphoria of financing, rapid expansion of staff and facilities to the warning signs, unwise choices, limitations of auditors, imbalance of power, lack of ethics and caring, misallocation of resources, bankruptcy and downfall of what could have been a successful high-tech, global company.

Based on published comments from President Barack Obama, Vice President Joseph Biden, PCAOB Chair Mark Olson, and SEC Chair Mary Shapiro, the mood appears to be changing from years of deadline delays to more robust insistence upon SOX compliance by smaller public companies in 2009.

For a free online copy of "The Tipping Point," please visit [www.Section404.org](http://www.Section404.org).

Bob Benoit is President and Director of SOX Research at Lord & Benoit, LLC, one of the most influential SOX Research and Compliance firms for smaller public companies. In addition to his position with Lord & Benoit, Bob serves on the COSO Monitoring Project Taskforce. He has also served on the AICPA Peer Review Acceptance Board in MA for 10 years, has taught Complying with Sarbanes-Oxley Section 404 throughout the country through the State CPA Societies and is the author of the Lord & Benoit Reports, which have been referenced by the SEC, PCAOB, COSO, AICPA, CHH, RIA, BNA, Wall Street Journal, all of the "Big 4" firms and nearly 200 legal, educational and trade journals around the world. Bob is the first evaluator to use the COSO Guidance for Smaller Public Companies, the inventor of Virtual SOX taught on the AICPA Technology website and research contributor to the SEC Subcommittee, SEC Concept Releases and SEC/PCAOB Internal Control Roundtables.

SOURCE: Lord & Benoit

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