

SOCJ News

Companies with Good Internal Controls Have Highest Average Share Price Increases

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Lord & Benoit Report: Do the Benefits of Section 404 Exceed the Cost?

Lord & Benoit, LLC a national SOX Research and Compliance firm has completed a study of share price movements of 2,481 calendar year end public companies that have undergone two Sarbanes-Oxley Section 404 internal control audits. The study showed that the average share prices of companies with clean 404 internal controls climbed 28% over a two year period starting with the year before SOX was required. The Russell 3000 index only increased by 18% in this same period.

Stock values of companies with adverse 404 controls however decreased 6%. Additionally, the market rewarded companies that transitioned from a first year adverse report (1% increase) to a clean second year report (25% increase). Internal control statistics were mined using AuditAnalytics.com.



Robert Benoit
President
Lord & Benoit, LLC

"With compliance costs decreasing and share prices increasing by 26% to 28%, the study results indicate that strong internal controls can translate into higher returns to shareholders" says Bob Benoit, President and Director of SOX Research at Lord & Benoit. "With the SEC and PCAOB coming under a lot of pressure because of cost concerns to eliminate Section 404 requirements not only for many current Section 404 filers but also for all non-Accelerated Filers, this research gives one more reason for pause. It would seem that more research and innovative thinking is needed before regulatory bodies and/or Congress act." adds Mr. Benoit.

The complete "Lord & Benoit Report: Do the Benefits of Section 404 Exceed the Cost?" is available by contacting Info@LordandBenoit.com or calling (508) 853-6404 x.204.

Lord & Benoit is a national SOX Compliance firm dedicated to providing cost effective solutions for SmallCap and MicroCap companies. The efficient process is called MicroSox(TM).

For more information, please visit our website at www.section404.org

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