

ROMAN

May 19, 2005

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800
Toronto, Ontario
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HELEN ROMAN-BARBER
CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

Ontario Securities Commission
SECRETARY'S OFFICE

Dear Mr. Stevenson.

The Canadian Securities Administrators (excluding British Columbia) ("CSA") have requested comments on a proposal to require public companies to have financial reporting control system audits within the next four to five years. In broad terms, Roman Corporation is in favour of strengthening financial reporting in Canada. We have noticed many recent examples in Canada of less than desirable reporting, and agree that a move forward is essential to protect our Canadian financial markets. Canada cannot afford to fall behind.

However, we see many serious flaws in the CSA's current proposal, which to us is a variation of SOX 404. These flaws include, but are not restricted to:

1. Cost-benefit analysis. At Roman Corporation, we believe that the possible benefit is negligible and the costs by definition would therefore be an unwarranted charge on shareholders.
2. In many Canadian companies it will be fruitless to perform a financial reporting control check when the crucial decisions are made by a small group of people who, despite some written audit caution, can easily circumvent financial reporting. Recognized weaknesses cannot easily be overcome under these circumstances; certification by CEOs and CFOs is more than adequate for your particular purpose.

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3. In Canada control checks are of minimal benefit, if any, when they can easily be avoided by choosing accounting alternatives that are legal, and yet could be misleading to capital suppliers.
4. In Canada, too much attention seems to be being placed on protecting auditors against litigation.
5. If we focus our attention on the caliber of personnel conducting audits, we see a noticeable decline, and therefore believe that competent control system audits will not result simply by requiring that they be performed. Without question, CAs are having recruiting problems and have lowered their qualification standards. Hence, we again see costs with minimal benefits in your proposal.
6. Your plan is to have the audits performed by the same auditors who have had extensive litigation against them. Were it not for the Supreme Court of Canada's decision in Hercules Management v. Ernst & Young (1997) much more auditor litigation would exist. Auditors who are unduly protected by the courts are not the right group to perform independent control tasks.

In summary, we are opposed to your current proposals for many reasons, only a few of which have been stated above. You have seen the backlash against this type of proposal in the U.S., where a tighter regulatory system exists. Canada does not have the infrastructure to deal with your proposals. We strongly believe that your proposals should be promptly withdrawn. Auditors are already urging companies to prepare; we are not in favour of incurring fees where the capital market benefit is trivial at best, and where our shareholders will have to absorb needless fees.

Yours truly,



Helen Roman-Barber
Chairman of the Board
& Chief Executive Officer

HRB:cph