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Mr. Gerald J. Laporte
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E., Room 3650
Washington, DC 20549-3628

In Re: File No. 265-23

Dear Mr. Laporte:

How pleased I was to hear from you this week and to learn indeed that you and your colleagues on the Securities and Exchange Commission's Advisory Committee on Smaller Public Companies would welcome investor insights and perspective about potential impact of requirements on smaller companies by current Securities' regulatory system proposed and recently enacted. I look forward to providing such insights to you and your colleagues on the afternoon of Friday, October 14, 2005, at Columbia Law School, Jerome Green Hall, Room 103, 435 West 116th Street, New York, New York.

I thought I would forward to you along with this note some biographical material which might provide insight into my investment background, philosophy, and approach. Clearly, responsibility of directing nearly $3 billion in "global value" equity investments forces me to consider how to invest client funds, mindful of risks posed by management agency costs, and desirous of finding investments with prospects rich enough to offset such risks.

Please know that many of my observations will reflect insights gained from attendance at former SEC Commissioner Joseph Grundfest's Stanford Law School's Directors' College over prior six or seven years as well as my lessons learned both at Stanford Business and Law Schools.

I hope that I will frame my observations in a way that will touch on several insights learned both from Directors' College and from 25 years of direct experience in public-equity investing. These observations should include, but hopefully will not be limited to, following:

1. Need to Reestablish Materiality Test for Audit Review Pursuant to Sarbanes-Oxley's Section 404 – Internal Control Provisions.

Historically in finance, to assure smooth movement of capital and efficient business dealings, auditors had materiality tests expressed as a percentage of relative benchmarks (e.g., 3 percent of revenues) which allowed them to provide sufficient answers without having to exhaust resources in a misplaced desire to produce precise answers. I believe, at a minimum, smaller companies should be afforded a meaningful materiality measure, allowing them to comply with Section 404 without undue financial burden.

2. Real Costs are Far Greater Than Audit-Specific Costs.

I understand that a considerable business risk of foregone opportunity may arise due to reporting burden established by Sarbanes-Oxley. I have heard that companies which have spent millions to certify reliable audit structures within their companies may hesitate, even ever so slightly, to consider staffing up and funding new ventures within their enterprises for fear of creating a burden of establishing new audit procedures outside those previously certified under Sarbanes-Oxley. Any reason whatsoever that takes businesses' attention away from pursuing viable opportunities comes at a high price.

3. Family-controlled Companies.

As I mentioned – from studies at Stanford Business and Law Schools, from years of learning about agency costs from commentary contained in Berkshire Hathaway Chairman's annual letter to shareholders, and from attendance at Stanford's Directors' College – I have long feared corrosive effect of agency costs on public-company shareholder returns. In an effort to restrain such burden, I have found shelter in investing through companies in which founding families retain considerable on-going shareholdings.

It has been my observation that such companies – so long as families remain fair, honest, energetic and wise – offer outside investors opportunity to participate alongside returns enjoyed by family shareholders. While obviously mindful of guarding against such family-controlled companies with corrupt or unqualified family leadership, proper selection of companies which evidence positive returns due to family control (e.g., Berkshire Hathaway, Brown-Forman, McClatchy, E. W. Scripps Company, Washington Post Company, etc.) has over time, I believe, added enormous value to my investors' returns.

One key component to better returns from such companies has been their tendency to think longer term, to plan out beyond this quarter's results, and to have assurance that efforts to grow businesses will not expose companies to hostile takeovers if/when reported profits drop during investment phase, as often happens due to cost of underwriting new ventures.

4. Non-US Investments.

On a final note, please know that I have long enjoyed returns for investors from companies domiciled in foreign lands, particularly the United Kingdom, The Netherlands, France, Switzerland, etc. While many US investors have long feared such globalism, I have found opportunities abroad to abound. Many domestic investors have misplaced worries over lack of quarterly financial statements, differences in regulatory requirements relating to foreign accounting standards, etc., as justifications for keeping capital at home. However, I have found particularly interesting opportunities to keep capital employed in better-than-average foreign businesses, most often in family-controlled companies based abroad.

Please understand that one interesting insight about whether and how Sarbanes-Oxley requirements serve investors' needs will be to see whether equity values benefit from increased trust provided by reduced fear over agency costs. Without question, enormous costs are associated with Sarbanes-Oxley compliance. Importantly, returns from such costs must eventually be expressed in higher overall equity-market valuations.

On a final note, one must not forget that question of how US business practices might change in light of compliance-related requirements, as well as how vital resources may be consumed in efforts to meet absolute standards (not modified with any measure of materiality) which have arisen at a time when businesses are facing increased burdens as a result of global competitors able to deliver products to our shores in a manner unburdened by many expenses such as those triggered by US regulatory requirements. Competitive disadvantages from such costly burdens surely impact smaller companies more forcefully than their larger brethren, as fixed-cost burdens mount greater challenges for businesses with less absolute dollars of operating income with which to meet new requirements.

On behalf of US investors and smaller US companies, I look forward to having a chance to participate in next week's important forum. Please do not hesitate to contact me if you have any questions or if there is any way in which I can be of further service. Best wishes,

Very truly yours,

Thomas A. Russo

Enclosure

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Background Information: Thomas A. Russo, Gardner Russo & Gardner

Thomas A. Russo joined Gardner Russo & Gardner as a partner in 1989. Together, Thomas Russo, Eugene Gardner and Eugene Gardner, Jr., oversee more than $2 billion in discretionary, individually managed client accounts. Each partner manages individual separate accounts and share similar investment approaches and strategies. Gardner Russo & Gardner is a registered investment adviser under the Investment Advisers Act of 1940, and is not associated with any bank, security dealer or other third party.

Mr. Russo's investment philosophy emphasizes return on invested capital, principally through equity investments. His approach to stock selection stresses two main points: value and price. While these would seem to be obvious key considerations in any manager's approach, it is equally obvious that all too often they are either misjudged or, perhaps more frequently, simply not viewed together.

Mr. Russo looks for companies with strong cash-flow characteristics, where large amounts of "free" cash flow are generated. Portfolio companies tend to have strong balance sheets and a history of producing high rates of return on their assets. The challenge comes in finding these obviously desirable situations at reasonable or bargain prices.

Mr. Russo's investment approach is focused on a small number of industries in which companies have historically proven to be able to generate sustainable amounts of net free cash flow. (These industries typically have included food, beverage, tobacco, and broadcasting/media.) Mr. Russo tries to limit risk by not paying too large a multiple of a company's net free cash flow in light of prevailing interest rates. He attempts to broaden this otherwise narrow universe by including companies with smaller market capitalizations and companies in similar industries based abroad.

Thomas A. Russo is General Partner of Semper Vic Partners, L.P., and Semper Vic Partners (Q.P.), L.P., limited partnerships which combined are $400 million, along with overseeing substantially more funds through separate accounts for individuals, trusts, and endowments. He is a graduate of Dartmouth College (B.A., 1977), and Stanford Business and Law Schools (JD/MBA, 1984). Memberships include California Bar Association and Board of Visitors for Stanford Law School. Mr. Russo is a charter member of the Advisory Board for the Heilbrunn Center for Graham & Dodd Investing at Columbia Business School.

Mr. Russo's goal is one of an absolute return rather than a relative return, and he continues his long-term investment objective of compounding assets between 10 and 20 percent per year without great turnover, thereby realizing a minimum amount of realized gains and net investment income.