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## **Manners Matter: Five Ways Public Companies Can Improve Communications with the SEC**

*For immediate release*

Santa Monica, Calif.—September 30, 2003—Partner Sam Wild of Stonefield Josephson, a California-based certified public accounting and business advisory firm, says that public companies can reach more business goals when they work in cooperation with the Securities and Exchange Commission rather than take an adversarial approach. “Etiquette goes a long way with the SEC,” says Wild, who leads the Public Companies Group audit practice at Stonefield Josephson.

Public companies must deal regularly with the SEC on matters such as selling securities and filing quarterly and annual reports. For managers of public companies, Wild offers these five tips for working effectively with the SEC:

**Tip #1: Don’t be afraid to ask the SEC official for help in resolving an issue.** Wild says that when a complex issue arises, such as recognizing income, it often helps to invite the SEC official to take part in creating a solution. “Encourage the official to be a part of the problem-solving process. In this way, the SEC will be aware of your approach from the start. Hearing the views of the SEC staff may actually help you strengthen your position prior to taking action.

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This can minimize the surprises for both sides.”

**Tip #2: Provide as much information as possible.** Present as much information as possible, advises Wild, even if it does not necessarily support your position. “By sharing everything, you increase your credibility with SEC officials.” Wild says you can support your position by citing generally accepted accounting principles and referring to standard industry practices. It can also help your case, says Wild, to share opposing viewpoints, then give your reasons for disregarding them.

**Tip #3: Put it in writing.** “You would be surprised at how frequently companies communicate with the SEC in a haphazard manner. Public companies can’t afford to make sloppy mistakes,” says Wild. He elaborates that many companies, when faced with issue and time pressures, make an informal call to the SEC’s Department of Corporate Finance. “Define the issue carefully and succinctly,” says Wild. “Phone discussions have a tendency to change after the fact. If you want a decision to be binding, put it in writing and ask the SEC to send an acknowledgement.”

**Tip #4: Follow procedures.** Every culture has etiquette and procedures, and the SEC is no exception. Wild says to present the information in the manner that is most convenient for the SEC official. “If you want a prompt answer, lay out all the supporting arguments in detail. If you do not include information that the SEC considers to be relevant, the SEC official won’t have adequate information to formulate a response.” For information on the format that is preferred by the SEC, see [www.sec.gov/info/accountants/ocasubguidance.htm](http://www.sec.gov/info/accountants/ocasubguidance.htm)

**Tip #5: Communicate your desire to do the right thing.** Wild says he has observed many

confrontations between public companies and the SEC. “In most cases, being unnecessarily aggressive with SEC officials hurts your ability to handle a situation quickly and cost-effectively,” concludes Wild. “When you clearly express your desire to do the right thing and act cooperatively, you promote trust, which can lead to a positive outcome.”

Wild says that effective communication with the SEC can result in a timely resolution of the issues at hand, facilitating a public company’s ability to get down to business and raise capital. For additional information on how to deal effectively with the SEC, contact Sam Wild at 310-566-4342 or [swild@sjaccounting.com](mailto:swild@sjaccounting.com).

Stonefield Josephson, Inc. is a California-based certified public accounting and business advisory firm founded in 1975. The 100-person firm serves public and privately held clients throughout the United States and internationally from four locations: Santa Monica, Calif. (headquarters); Irvine, Calif.; San Francisco and Walnut Creek, Calif. Services include assurance/accounting; business consulting (profit enhancement; finance sourcing; mergers and acquisitions; family-owned business; succession planning; executive incentive compensation; business plans and budgeting); business valuation; financial recovery; forensic services; litigation support; public companies services; and tax consulting and compliance.

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