

Gilman Ciocia, Inc.

11 Raymond Avenue
Poughkeepsie, NY 12603



July 11, 2008

LETTER OF COMMENT NO.

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Disclosure of Certain Loss Contingencies (SFAS #5)

Dear Mr. Herz:

We have read the letters of comment pertaining to Disclosures of Certain Loss Contingencies submitted by the senior litigators from major corporations (Letter of Comment No. 2) and the comment letter submitted by Arnold C. Hanish of the Financial Executives International (fei) (Letter of Comment No. 3). We are in agreement with both Letters of Comment in that Statement of Financial Accounting Standards No. 5 (SFAS# 5), as it pertains to litigation, is the more appropriate approach to disclosure. There are many fine points made in both Letters of Comment which we will not reiterate again in this letter.

We do, however, have two specific concerns surrounding non-accelerated filers (small businesses).

On February 4, 2008 the Securities and Exchange Commission adopted amendments to its disclosure and reporting requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934 to expand the number of companies that qualify for its scaled disclosure requirements for smaller reporting companies – “Smaller Reporting Company Regulatory Relief and Simplification”. Under these amendments smaller reporting companies were given relief on the extent of disclosure that is required in certain circumstances. Specifically, smaller reporting companies are no longer required to disclose Item 305 information (Quantitative and Qualitative Disclosures about Market Risk), are no longer required to disclose risk factors in Exchange Act Forms 10, 10K and 10Q’s, and are no longer required to provide tabular disclosure of contractual obligations. The Securities and Exchange Commission has made these amendments, among others, in light of the recommendations by the Advisory Committee on Smaller Public Companies in 2006. These recommendations were designed to update and improve federal securities regulations that significantly affect smaller companies and their investor’s in today’s capital markets. In their words: *“It is expected that the amendments will promote capital formation for smaller reporting companies and improve their ability to compete with larger companies for capital. For example, we believe capital formation will be improved by providing flexibility to more smaller reporting companies to tailor their disclosure to their investors’ needs. In addition, the cost to raise capital may be reduced to the extent compliance costs, but not benefits, are reduced as a result of the scaled disclosure requirements. If smaller reporting companies allocate the capital they raise and save as a result of our scaled disclosure requirements to business development in an effective manner, these companies will be more competitive. More companies will be able to take advantage of more scaled disclosure item requirements, such as those contained currently in Item 310 and Item 402 of Regulation S-B. Smaller reporting companies that avail themselves of the scaled disclosure will provide tailored disclosure that may better meet the needs of their investors.”*

We agree with the recommendations made by the Advisory Committee on Smaller Public Companies and believe that the changes currently being proposed by the Financial Accounting Standards Board concerning Disclosure of Certain Loss Contingencies, particularly as it relates to litigation, conflicts with the recent release by the Securities and Exchange Commission’s “Smaller Reporting Company

Regulatory Relief and Simplification". The relative burden and additional costs placed on smaller businesses in complying with the proposed changes is more onerous than that placed on a larger company. This results from the fact that the costs to comply are essentially fixed, which when compared to the respective companies' revenue base and/or available liquidity will result in a cost to comply for smaller companies that is in proportion much higher than that for larger corporations. This we believe will place smaller companies at a distinct competitive disadvantage to larger corporations.

In addition, the Financial Accounting Standards Board's Private Company Financial Reporting Committee has deferred recommendations to the amendment to SFAS #5, expressing concerns that the additional disclosure requirements mandated by the proposed amendments "could provide opposing counsel with a road map" used in litigation. We believe that the concerns expressed by Judith O'Dell, Chairwoman of the Committee are also relevant to smaller public companies.

We recommend to the Board that small businesses be excluded from any changes made to SFAS# 5, particularly, as it relates to litigation. We believe that scoping out small businesses from the aforementioned proposed changes in SFAS #5 is appropriate for two reasons. First, such scope provisions would be consistent with the relief afforded by the Securities and Exchange Commission's recently issued Smaller Reporting Company Regulatory Relief and Simplification and as such will not place smaller companies at a competitive disadvantage to larger corporations in order to comply with the proposed revisions. Secondly, such scope provisions would preclude opposing counsel from obtaining a road map which might prejudice smaller public companies' efforts to successfully defend itself in litigation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Palma". The signature is fluid and cursive, with the first name "Jay" being more prominent and the last name "Palma" following in a similar style.

Jay Palma
Internal Audit Manager