

Nancy Morris, Secretary
Securities and Exchange Commission
101 F Street, NE
Washington, D.C. 20549-1090
March 4, 2008

RE: Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers. **File Number S7-06-03**

Dear Ms. Morris,

I would like to thank you for the opportunity to respond to the request for comments regarding the proposed amendment to extend the auditor's attestation report compliance date. As a young professional, I think that it is imperative to hold ALL companies accountable and require them to be compliant with SOX. I believe that the attestation requirement for non-accelerated filers should not be deferred.

The mission of the U.S. Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.¹ When PCAOB was established under the Sarbanes-Oxley Act of 2002, it had a similar mission to "protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports."² With these principles in mind, why would the SEC not protect investors by requiring non-accelerated filers to include an auditor's attestation report in their annual reports? The requirement has already been deferred once, giving these companies an additional year to prepare. Additionally, Sarbox was passed by Congress in 2002, meaning these small caps have already had five years to prepare.

The companies that are classified as non-accelerated filers are companies that have a market cap value of less than \$75 million. These companies may be considered small in the market, however, they are multi-million dollar companies that in some cases employ thousands of employees. For example, Caribou Coffee Company, Inc., the Minnesota based coffee company, is considered a small cap company and a non-accelerated filer. Caribou is a well-known coffee house in the Midwest that employs 6,698 people, and yet they are not required to comply with Section 404. Why would anyone want to invest in a company whose internal controls have not been verified as good? Still, many people do invest their money, as well as their time and effort in companies like this, and they should have the assurance of an attestation report. Small cap companies have an equal or possibly greater need for effective internal controls. Improved internal controls can help a company to increase efficiency, which in turn, leads to higher profits. Another benefit of compliance is a decrease in the amount of class action claims against companies, due to the removal of volatility in financial reporting.³ Hence, the requirement date should not be pushed back any further.

¹ <http://sec.gov/about/whatwedo.shtml>.

² <http://www.pcaobus.org/>

³ http://www.section404.org/pdf/Lord_Benoit_Report_The_Sarbanes_Oxley_Investment.pdf

ICFR compliance costs may be disproportionately higher for smaller public companies, but the benefits of having effective internal controls can negate some of these costs. In addition, if a company's internal controls are poor, the company will have to pay more for the audit fees. PCAOB issued Auditing Standard No. 5, which will lower overall compliance costs for companies of all sizes, and significantly so, compared to the old standard.⁴ The SEC has published a brochure that serves as a guide for small companies meeting the attestation requirement for the first time.

The cost effectiveness study being performed by the SEC will be an excellent source of knowledge for small companies and their compliance efforts. However, I do not believe that these companies should be given an extension. A deferral will increase the risk that a weakness in a company's internal controls will continue to be concealed, which is contrary to the investor protection principle of the SEC. The study is supposed to be completed by the summer of 2008.⁵ According to this time frame, companies will have, at minimum, four months with this information before the December 15, 2008 deadline. A study by Lord and Benoit gives evidence of the benefits of compliance.⁶ With compliance costs decreasing and share prices increasing, results indicate that strong internal controls can translate into higher returns to shareholders.

The intent of Congress passing the Sarbanes-Oxley Act was for public companies, small as well as large, to implement Section 404. The act itself makes no distinctions concerning company size. An extension for small companies would not serve the best interest of the public, nor accomplish Congress's objectives.

Sincerely,

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⁴<http://www.sec.gov/news/testimony/2007/ts121207cc.htm>

⁵<http://sec.gov/rules/proposed/2008/33-8889.pdf>

⁶http://www.section404.org/pdf/11_companies_with_good_controls_have_highest_share_price_gains_sox_compliance_journal.pdf