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Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

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Section 404 of the Sarbanes Oxley Act was put into place to restore investor confidence after the scandals that took place in Enron, Worldcom, and Tyco. These scandals led to investors losing millions of dollars and dramatically altered their lives. The added controls of SOX will impede reporting scandals from ever happening again. Although Enron, Worldcom, and Tyco were enormous companies and their falls affected a very large number of people, all companies in the stock exchange are, in fact, very large.

Proposed rule 33-8889 from the SEC is not an effective proposal and will cause more harm in the long run that it alleviates. \$75 million of total worldwide market value is the “float” or limit for smaller companies to be classified as a non-accelerated filer and get extensions and special treatment. A company of that size can have hundreds or thousands stakeholders affiliated with it. If looser rules and regulations apply, there can be further scandals that drastically affect those people’s lives and could ultimately destroy investor confidence once again.

Many small companies are finding that those once incredibly burdensome compliance costs are coming down year after year. It can be explained by the fact that there may be a learning curve associated with complying with the internal controls. The better that management gets at controlling the organization, the less costly the audit fees are going to be. The auditor will know that the internal controls are in order and will not have to scrutinize and retest them over and over to be sure. If we continue to have strict regulations on all companies that are publicly traded, in time, the benefits will greatly outweigh the costs. It is like any research and development costs; they are high in beginning, but they keep the company competitive and bring in more profits in time.

In Conclusion, I also believe that this rule will inhibit growth among the smaller companies. If there is a company that is below the \$75 million threshold, they may limit their revenues and try to stay below it to be able to have looser regulations. This will cause companies to spend money trying to stay within that limit instead of spending that money to improve their company and to benefit the investors, customers, employees, and other stakeholders. This action will, in turn, hinder investor confidence and contradict the very reason that SOX was established in the first place.

Sincerely,

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