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September 14, 2006

U.S. Securities and Exchange Commission
Attention: Nancy M. Morris
100 F Street, NE
Washington, DC 205490-1090

File Number: S7-06-03
Via email: rule-comments@sec.gov

Dear Ms. Morris,

We appreciate the opportunity to comment on the U.S. Securities and Exchange Commission's (Commission) proposal, "Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies," Release Nos. 33-8731 and 34-54295 (proposal).

We support the Commission's proposal to further extend the compliance dates regarding non-accelerated filers and their filing responsibilities under Section 404 of the Sarbanes-Oxley Act of 2002 (§404). Our support for the proposal is influenced strongly by our belief that non-accelerated filers should be afforded the additional time to properly implement the management guidance currently under development.

We do, however, have a concern about a potential unintended consequence of the proposal that would allow non-accelerated filers to complete and report on management's assessment for fiscal years ending after December 15, 2007 without auditor involvement. While we agree that it is in the public interest to ask management to complete their internal control assessment and provide their report to investors as early as possible, our concern is that investors may place undue reliance on management's report in the period preceding involvement of the auditor. Without auditor involvement, the public must understand that the risk of undisclosed material weaknesses is greater. Accordingly, we recommend that the Commission require management to clearly disclose that its assessment is not audited.

The proposal also provides new registrants with relief from complying with §404 in their first fiscal year filing after an IPO. The current requirement to comply with §404 when filing the initial Form 10-K is particularly burdensome when the IPO takes place late in the fiscal year, requiring the registrant to evaluate the effectiveness of its internal control at a time when it is under pressure to file its first Form 10-K. While we believe investors would be best served if they received management's report and the auditor's opinion on the effectiveness of internal control at the date of the IPO, we realize this is not practical. The needs of investors regarding information about the effectiveness of internal control and the significant burden imposed on filers in providing such information are somewhat at odds. That said, we believe the Commission has struck the right balance and agree with its proposal to allow filers to comply with §404 in their second fiscal year filing.

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We would be pleased to discuss our comments with you. If you have any questions, please contact Karin French, Partner in Charge of SEC and Regulatory Matters (703) 847-7533.

Very truly yours,



Grant Thornton LLP