

February 25, 2007

Nancy M. Morris
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
RE: File Number S7-24-06

Dear Ms. Morris,

It is great to see that the Commission recognizes the burdens of Section 404 of Sarbanes-Oxley. Smaller companies allegedly are spending disproportionate amounts to comply with the Act. However, despite the guidance put forth by this proposed regulation, some parts need clarification and/or revising.

This also brings up the issue of the quantification of requirements. More definite requirements should be given in the guidance. Much of the guidance is vague with descriptions such as “reasonably possible,” “remote possibility,” and “material vs. immaterial weakness.” What exactly makes a weakness material? What makes a control deficiency insignificant? Too much is left up to the judgment of management who may classify material weaknesses as immaterial just to avoid having to report them.

Bringing up another point; Is a company allowed an innumerable amount of immaterial weaknesses? Seeing as they don't have to report weaknesses of this type, how does an investor know how weak a company really is? There is too much room left in the guidance for judgment and human error.

The Commission must quantify requirements if they want better compliance.

I also disagree with the fact that large companies are the only ones that require people with specialized knowledge to deal with controls. There are many “small” stock exchange companies that have very complex infrastructures and there's no way that management of those companies should be excused from maintaining effective and efficient controls.

I commend the Commission for not trying to lay out a specific framework that companies would be required to follow as companies of different sizes and types would not be able to follow one specific guideline for checking their internal controls. The type, variety, and number of controls in each company are different. Each company must evaluate themselves and determine what type of framework will most efficiently and effectively evaluate their internal controls.

The proposal was a good first effort by the Commission in addressing the problems with Section 404 of Sarbanes-Oxley. I believe that subsequent deliberations on this proposal should result in easing the magnitudinous compliance issues for companies of all sizes, particularly smaller, public companies.

Sincerely,

Alec Leavitt
University of Wisconsin-La Crosse