February 10, 2007

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: File Number S7-24-06

Dear Secretary:

Submitted are comments for the Commission's consideration on management's guidance in regards to internal controls over financial reporting of Section 404 and Section 302 of the Sarbanes-Oxley Act of 2002.

Section 404 guidance of Sarbanes-Oxley Act is quite practical and essential to protect investors by preserving reliable financial information given out by each corporation. However, does the cost to the shareholders and the corporations outweigh the benefits that are implemented by this Act? Section 404 does not prevent each corporation's financial statements from being falsified; it merely makes it more difficult to do so. The Act should be implemented in a way that would reduce the cost but still attempt protect its investors.

Large capital corporations should be subject to stricter, clearer guidelines, if possible, to help in providing faithful representation of their financial statements. This does not mean smaller corporations are exempt from providing truthful financial statements. They should just have fewer guidelines, but still follow the same standards. The ambiguous language of this Act leaves the interpretation up to the corporations that are out to maximize their shareholders' wealth by any means necessary. That is not to say all companies go about stretching the laws to earn a profit. There are many sections in the financial statements in which large capital corporations may hide false information and could easily be overlooked by the copious numerical values. It is management's job to keep a high standard of ethics. With clearer, more defined guidelines, management may have the guidance needed to maintain these ethics.

Smaller capital corporations may have a more strenuous time keeping up with stricter guidelines than larger corporations because of the lack of capital or man power. The Act's guidelines for management could still be more defined though. Nevertheless, the guidelines could be to a lesser extent than the large capital corporations. To classify small capital corporations, not only revenues should be taken into consideration but the amount of employees working. A corporation may have a few employees but have a large profit. With stricter guidelines, the company may not have the man power to abide by them.

Within the individual companies, it is management's job to assess the material weaknesses and effectiveness of its internal controls. This should be done on an ongoing basis instead of just the immediate fiscal year. Management should also be responsible for designing the controls as they more than likely know the corporation the best. The higher the risk in a company, the more assessment and testing that must be done to insure truthful reporting. All documents within the company should be kept but excluding non material information as the storage for unrelated emails, letters, memos, et cetera would increase the cost. The auditor can conduct a more thorough, quicker audit if all the documentation is in place but with less unnecessary documentation to go through. With these guidelines, management can be confident that the financial statements are a faithful representation of the corporation's standing.

In regards to faithful financial reporting, Section 302 is not required in the annual report. The purpose of the financial statements, published in the annual report, is to provide reliable financial information for the corporation's investors. Section 302 helps restore investor confidence by seeing a signed document stating what the company published is truthful of their financial standing. The question, though, is if the investor can locate this report. Many corporations simply file the report with the SEC website or attempt to "hide" it elsewhere. Section 302 would be more helpful if it was printed in the annual report where investors look for important information. No busy investor wants to go surfing the web for a minuscule piece of information. If investor confidence is to be restored by Section 302, the investors have to be able to find it and read it.

Sections 404 and Section 302 of the Sarbanes-Oxley Act of 2002 are very well though-out and essential. However, these two sections may have overlooked some of the minuscule details. The cost associated with Sarbanes-Oxley could be reduced but internal controls need to be beneficial in protecting the shareholders and the public interest. Stricter, clearer guidelines and keeping only the necessary documentation may be a first step.

Sincerely,

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