

February 26, 2007

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

RE: File Number S7-24-06

Dear Secretary Morris:

I first want to thank you for this opportunity to comment on the proposed interpretation and proposed rule. I have two main concerns regarding the proposals.

The first concern that I have is the lack of quantifiable guidance provided in the proposal. The COSO framework states that effective control is a subjective judgment. Even though considerations are given to aid in determining whether or not an internal control is effective, there are no quantifiable explanations that would aid in creating a concrete definition. The proposed guidance continues on with this incomplete definition of effective control. The proposed guidance provides many considerations for management but does not indicate *how much* needs to be done to ensure that an internal control is effective and does not provide any computations that could be used by management to determine materiality.

Furthermore, the proposed guidance seems too lax by providing only recommendations to management in areas where requirements are in order. An example of one such instance is with regards to disclosures about material weaknesses. The proposed guidance states that “companies *should consider* providing disclosure that allows investors to understand the root cause of the control deficiency and to assess the potential impact of each particular material weakness”. It is evident that this information would be useful to and aid an investor. If the underlying goal is to protect the investor, it is only logical that this should be more than just a mere suggestion to management, but rather a requirement.

The second concern that I have is with regards to smaller public companies. I agree with the proposed guidance and the approach that smaller entities can “scale and tailor” their methods to their own circumstances. It is evident that one size does not fit all. However, investors in smaller public companies need to be protected just like any other investor in any other public company. Therefore, it is my hope that these “tailored” methods and procedures do not result in less stringent evaluation requirements for smaller public companies.

Sincerely,

Adam Kleinmaus
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