

March 3, 2008

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

RE: File Number S7-06-03

I really appreciate this opportunity to comment on the proposed amendments of temporary rules, which have to do with the internal control over financial reporting in regards to periodic reports of non-accelerated filers.

I would like to first comment on the study you are conducting, “to determine whether Section 404(b) auditor attestation requirement of the Sarbanes-Oxley Act is being implemented in a manner that will be cost-effective for smaller reporting companies.” While this study will be very helpful in determining whether implementation is being done properly, I feel there are other studies that may be more beneficial for non-accelerated filers. I believe a study that looks at costs that will be incurred by the company as a result of the auditor attestation requirement over many years will be much more valuable. If I was to guess, I would be pretty confident in saying that the study would find costs to decrease over time as the company will benefit with from being more educated and efficient in regards to the internal controls.

To continue with the issue of the potential cost bind the internal controls will cause for the non-accelerated filers, I feel as if these small business advocates are being untruthful in their estimates of the costs non-accelerated filers will sustain. An article posted on SearchCIO-Midmarket.com, by Kate Evans-Correia, explains this issue in great detail. It explains how Lord & Benoit LLC, a Sarbanes-Oxley Act research and consulting firm, found that non-accelerated filers average first-year costs for management assessment and additional audit fees were 13.8% less than amount estimated by the SEC. It also said how Benoit argued that the numbers used by groups such as the House Committee on Small Business are “notoriously high” and merely estimates. With

evidence like this, I would be somewhat skeptical of what I here until I saw real proof of these high costs.

My final point regarding this proposed amendment is going to take the side of the investor. Now although these companies are considered small, they are still found on the national stock exchanges rather prevalently. Thus, people are investing their money into these companies who are lacking these very necessary internal controls. Investors should and do want to know that the company they are investing in have an auditor attestation report on internal control. They want to know that their money is being invested in a company that is behaving ethically and reporting truthful financial statements.

With all this being said, I believe the proposed extension of auditor attestation compliance date for non-accelerated filers should not be granted. The year they still have to prepare for this requirement is more than enough time and it's in the public's best interest to deny this extension.

Sincerely,

Christopher Fearn
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