Gentlemen:

1. This comment responds to the February 16 call to discuss second year experiences with reporting and auditing requirements of Sarbanes-Oxley. It incorporates by reference the results and findings contained in the CRA International report dated 12/10/2005 *Sarbanes-Oxley Section 404 Costs and Implementation Issues: Survey Update* (http://www.crai.com/Showpubs.asp?Pubid=4896), and *A Tough Act To Follow* in CFO Magazine dated 3/16/2006 (http://www.cfodirect.com/CFOTrial.nsf/vContentPrint/E38B44219B02804D852571330055E796?OpenDocument). It draws as well upon the design, implementation, and testing experience gained on section 404 and the audit standards as the chief audit executive for a Fortune 500 corporation.

2. Fundamentally the regulation requires that management and the external auditor track three levels of findings. The first, deficiencies, are not the subject of this comment. Second, significant deficiencies, are findings resulting from more than a remote likelihood that is more than inconsequential. These must be reported to the audit committee (but lack coverage on prescriptive details). Third are material weaknesses. This category is the linchpin of the regulation since they must be reported in public filings for the benefit of investors.

3. The massive amount of work necessary to comply with 404 drives costs. Because the goal was to deter fraudulent reporting and increase public confidence in financial reports, industry predicted an expensive investment, but coupled that with the expectation that recurring expenses would yield benefits in line with costs. The reality is different. While costs have decreased, compliance still trumps value, and it's anyone's guess how an investor reacts to a material weakness. Notwithstanding the PCAOB's encouragement to perform more relevant risk assessments (to presumably focus scope), the standard still reads as looking for matter s starting with remote and inconsequential. This exceeds standards we set for ourselves in the areas of security and safety.

4. One cannot argue with the need to report on a company's ability to deal with material misstatements as that states the case for recent corporate frauds. However, oversight needs to be guided by a pragmatic, practical, and understandable standard. There should be one threshold for auditing and reporting: matters that result in a reasonable likelihood that a material misstatement will not be prevented or detected. Lesser issues should be covered by management oversight and judgment and not regulatory intervention.

Thank you for your time.

Gus Hubert