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State of Rhode Island and Providence Plantations
General Treasurer
State House - 102
Providence, Rhode Island 02903

Frank T. Caprio
General Treasurer

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OFFICE OF THE SECRETARY

March 30, 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:

On behalf of the Employees' Retirement System of Rhode Island (ERSRI), which has \$8 billion invested and represents 32,000 active members and provides benefits to 19,000 former state employees and their families, I wish to voice our support for the investor protection principles of the Sarbanes-Oxley Act of 2002 as well as the SEC's recent efforts to improve the law's implementation. In particular, I wish to share our views on the Commission's proposed interpretive guidance to management on the implementation of Section 404.

As a matter of first principle, allow me to share with you ERSRI's strong belief that investor protection must remain the overriding priority for all of us who have been entrusted with responsibility in this area. Financial fraud or mismanagement at any one company may not by itself have much impact on the overall economy, nor on the capital markets – but it can be extremely devastating for those individuals whose job, financial future, or retirement plan are directly tied to that company. We are all familiar with the personal financial carnage experienced by faithful employees, pensioners, and stock holders of companies like Enron and Worldcom. At ERSRI, we are convinced that Sarbanes-Oxley has served investors well by reducing the chances of financial fraud at public companies and increased the reliability of companies' financial records. We believe that ERSRI plan members can be more confident about their pension assets because of Sarbanes-Oxley.

At the same time, we recognize that the implementation of Sarbanes-Oxley can be improved. As with any major new law or set of regulations, the initial implementation efforts have revealed some bugs in the system. Previous guidance to management, for example, did not properly account for differences in the operating realities of companies of different size. A multi-national company with 10,000 or 20,000 employees and hundreds of billions in revenue is naturally going to have a different environment than a company with 200 employees at a single location. We

applaud the Commission's effort to provide management guidance, which we hope will provide needed clarity and improve efficiency for companies of all sizes.

But the recognition of real differences between companies of different sizes, does not justify a difference in the quality of assurance required. Investors are entitled to a consistent level of assurance no matter the size of the company in which they invest. Therefore, we strongly endorse the Commission's continuing commitment to apply the same standards to all companies covered by Sarbanes-Oxley reporting requirements. Similarly, we applaud its decision to reject suggestions that would have meant a lower level of assurance for smaller companies. We are comfortable with the notion of scalability, but we are uncomfortable with proposals that would reduce external oversight for any group of businesses.

We hope that the new management guidance, combined with the new auditing standards proposed by the PCAOB, will lead to greater cost-efficiency in the auditors' reports on Section 404. Our commitment to investor protection should not be an excuse for unnecessary work or needless redundancy. Cost-efficiency is good for shareholders, too. If companies spend more than they should on Section 404 implementation, shareholders lose out.

But cost-efficiency must not be our only measuring rod. The quest for efficiency must not lead us to accept substandard or ineffective audits. That is false economy that will cost us dearly in the end. The ultimate success or failure of Sarbanes-Oxley and its implementation will be determined by the degree to which we protect individual investors, including those whose financial security in retirement depends on ERSRI and other public employee retirement systems.

Sincerely,



Frank T. Caprio
Rhode Island General Treasurer, Chairman Employee Retirement System of Rhode Island and State Investment Commission.