



February 14, 2007

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

Re: Commentary on File Number S7-24-06

Dear Ms. Morris:

I have reviewed the proposed interpretive guidance on companies' evaluation of internal controls over financial reporting in compliance with Section 404(a) of the Sarbanes-Oxley Act of 2002 ("SOX") and the Commissions related rules and offer the following commentary on this material as well as SOX in general.

First, I was disappointed to learn that an exemption from the provisions of Section 404 was not extended to smaller public companies (using any definition of "smaller"). I believe that everyone is in agreement with the objectives and potential benefits of this section of SOX but, without a cost effective and efficient manner to comply, the value of the benefits are more than offset by the costs, which puts those companies (US companies) at a severe disadvantage over their foreign counterparts. A change in capital structure to prevent our shareholders from being penalized potentially eliminates an important lever for future growth. Having responsibility over investor relations I frequently speak with prospective and current shareholders. It is this audience that the provisions of SOX are most designed to protect. However, the shareholder group with whom I speak unanimously would prefer that the public companies in which they invest did not need to spend the time and money on compliance. They would rather see these resources channeled towards developing new products, investing in machinery, marketing and sales, etc.

If an exemption will not be granted to "smaller" public companies, the Commission should reconsider whether an external audit is necessary. Managing internal resources to comply with this section of SOX is already an onerous challenge. Bearing the cost and distraction of an external audit will be overwhelming. Public accounting firms will likely take a conservative view as to the scope of the project, costing public companies additional fees and time distraction. In lieu of an external audit, it would seem beneficial to investors to require an "internal control discussion", much like MD&A and the new compensation discussion required in Proxies. The discussion could include:

1. Internal review performed, including any external resources utilized
2. Discussion of key controls implemented

3. Discussion of Company's IT control environment
4. A statement that the controls were reviewed with the external auditors and the Audit Committee
5. Testing efforts conducted
6. A basis for senior management's opinion that the controls are effective

The discussion could be incorporated into either a company's 10-K or Proxy statement and should be updated annually.

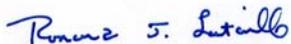
With respect to the guidance material, I commend the Commission's intent of providing companies with a clearer roadmap to comply with 404. The introduction of risk assessment as an element to both documenting and testing internal controls is appropriate. However, I believe that even further clarification could be given. Specifically, it would be beneficial to be able to reference the following:

1. A model set of documentation for a company.
2. Further guidance as to a range of sample sizes that would satisfy testing requirements.
3. Examples of control weaknesses that would be deemed "material weaknesses".
4. A model test plan.

In short, it is my opinion that an annual review of a Company's internal control structure can have significant business value if done efficiently and effectively. Like any Chief Financial Officer, my challenge is to allocate the appropriate resources to this project. And, my objective is to expand the scope of the project to include business controls that may not be considered key controls from a financial reporting standpoint. Done right, it could be deemed as a competitive advantage rather than a competitive disadvantage that now exists. While greatly clarifying the process, the guidance material still falls short of providing a specific roadmap to compliance.

Thank you for your consideration and I would be happy to further discuss my comments with the Commission's staff.

Sincerely,



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