

THE SAVANNAH BANCORP, INC.

April 3, 2006

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0310

Email: rule-comments@sec.gov

Reference: File Number 265-23

Dear Mr. Katz:

This is a follow-up comment letter to my earlier letter of March 31, 2006. The SOX 404 conclusions from page 51 of the SEC Advisory Committee's Exposure Draft are excerpted as follows:

“The significant, disproportionate compliance burden placed on the shareholders of smaller public companies has had a negative effect on their ability to compete with their larger U.S. public company competitors, and, to an even greater extent, their foreign competitors. . . . Smaller companies have limited resources, which are being allocated unnecessarily to internal processes for Section 404 compliance. . . .

The major drivers of the disproportionate burden are that smaller companies lack the scale to cost effectively implement standards designed for large enterprises and that there are no guides available for management on how to make its own independent Section 404 assessment or for auditors on how to “right-size AS2” for smaller companies.” (underline added)

The following are my comments related to this particular section of the exposure draft:

Generally Accepted Auditing Standards (“GAAS”) and SEC rules have required that auditors report material weaknesses in internal controls to the Audit Committees of public companies for many years. Why not combine the existing GAAS management reporting requirements with the SEC public disclosure requirement for material weaknesses in internal controls over financial reporting? The AS2 auditor attestation requirement for smaller companies could be omitted . . . permanently . . . or at least until reasonable SOX 404 guidance for smaller companies can be developed, tested, educated and implemented over an extended period of time.

Based on the feedback from the first two years of SOX 404, it seems that smaller companies and their auditors both need time to identify significant deficiencies or material weaknesses in internal controls before auditors are required to “attest” to management's assessments of internal controls over financial reporting. There are certainly more effective ways than AS2 guidance for identifying internal control weaknesses.

The current attestation requirements and guidelines also provide the basis for substantial litigation liabilities for both smaller companies and their auditors. They leave both parties very susceptible to further unproductive legal defense and award costs due to “class action litigation specialists” and our current tort laws.

Maybe the 10-K reporting of material weaknesses without the attestation report was what Congress truly intended, as evidenced by the relatively low original estimates of the SOX 404 compliance costs. **It is not too late for the SEC and PCAOB to more accurately interpret Congress' SOX 404 intentions for smaller companies and provide effective guidance and more reasonable implementation timelines.**

Sincerely,

/s/ Robert B. Briscoe

Robert B. Briscoe
Chief Financial Officer