

Dear Sir or Madam:

I am the Corporate Controller of a relatively small company (\$109 million revenue, 3 offices, 300+ employees). We have a small accounting staff (14 people worldwide to handle all accounting and reporting functions). We spent over \$1.4 million, 13 months and untold internal hours on SOX 404 compliance. I can honestly say in my 20 years of experience in the accounting profession in the Big 4, privately-held companies and large public companies, that I have never experienced a more dreadful, wasteful and cost-inefficient process.

The guidance, or lack thereof, provided to companies and the audit profession, left everyone playing catch-up as new ideas of how the work should be done developed. This led to tremendous inefficiencies and needless conflicts between the company and the auditors. More importantly, the concept was flawed to begin with. The idea that an excellent system of internal controls will stop corporate fraud is flawed as anyone who has ever worked in Finance is aware. Yes, it will help in certain instances, but it would not have prevented the very problems that begat Sarbanes-Oxley, namely Enron, WorldCom, Tyco, Arthur Andersen, etc. Highly placed individuals in organizations who collude to defraud and deceive can do so regardless of the internal controls in place.

While I do not deny that some benefit resulted from this exercise, time and money would have been much better spent in beefing up audits by hiring more auditors and doing the kind of substantive testing that accounting firms got away from beginning in the late 1980s. I can only assume that this concept would scare the audit firms who may be placed in the position of actually having to stand behind their work rather than have management sign 100-page representation letters that exonerate the auditors from any responsibility for their well-compensated efforts. However, if we truly want to provide real confidence in companies' reported financial results, we must give the public what they assumed they had all along; accurate financial reports created by qualified, honorable accountants attested to by quality audits provided by highly qualified professionals of integrity who are regulated and guided by well-established standards and reviews.

I strongly urge the SEC, PCAOB and Congress to reconsider SOX. The burden placed on all companies and the economy in general far outweighs the public relations benefits to Congress that SOX was designed to create. Based upon the public's non-reaction to announcements of material weaknesses or clean opinions, one must surmise that the investing public either does not understand or care about (or both) SOX and therefore the goal of this act, to re-instill confidence in the US markets, was not met. Considering the outrageous cost of compliance, SOX must be replaced with something of worth that actually provides the public not just with a false sense of security in the marketplace until the next corporate fraud is uncovered, but with a truly better system of assurance that a company's financial results are reported as accurately and clearly as possible.

Thank you for your time.