



August 15, 2006

*Via e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)*

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

RE: File S7-06-03

Dear Ms. Morris:

This comment letter is in response to the proposed extension of dates for compliance with internal control requirements mandated by Section 404 of the Sarbanes Oxley Act of 2002 (SOX 404). For many reasons, I strongly recommend that the Securities and Exchange Commission (“Commission”) implement the proposed extensions for non-accelerated filers and to provide a transition time for newly public companies. Further, I recommend that the Commission extend the transition time to all companies that are required to conduct their first assessment of internal controls pursuant to SOX 404, including companies that are required to transition from non-accelerated filer to accelerated filer status during the extension granted to small issuers contemplated in the proposed rule.

Under present rules, public companies that have a public float that exceeded \$75 million for the first time as of June 30 must make the transition to accelerated filer status for fiscal years ending after December 15 of the same year. As a result, many of these companies have only a six month time period to become compliant with accelerated filer requirements and to implement the internal control requirements mandated by SOX 404. Of course, good management teams will have anticipated that compliance would likely be necessary, and therefore will have initiated some of the required programs in advance of the compliance requirements. Nonetheless, implementing SOX 404 in such a short time period, particularly in advance of the anticipated guidance from the Commission designed to further improve and streamline the process, imposes an undue burden on these companies and, by extension, investors in those companies.

If extended to all companies that are making the first assessment of internal controls, the rule would benefit investors by making internal control reporting more effective and efficient, and as an added benefit, reduce some of the costs that companies bear in their first assessment.

Thank you for your time and consideration of my comments.

Sincerely,

Kurt R. Gustavel  
President & COO