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March 10, 2006

Mr. William Gradison, Acting Chairman
Attn: Office of Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, D. C. 20006-2803

Re: Internal Control Roundtable
Sarbanes-Oxley Sect. 404

Dear Acting Chairman Gradison,

I am writing you in connection with Section 404 of the Sarbanes-Oxley Act which requires independent registered public accountants to report on management's assessment of internal control over financial reporting. As you know this requirement has cost public companies millions of dollars while the assurance independent accountants can provide is, of necessity, extremely limited. It is not uncommon for independent accountants fees to satisfy this requirement to represent a 50% or more increase in overall audit fees. This is on top of internal costs which are estimated to be approximately triple the increased audit fees. This cost is huge and disproportionate to its value to our economy for this "assurance for a day" !

I am a private investor and I also serve as the chairman of the audit committee of a modest size public company where we have been advised by our independent accountants that our audit fees will double because of this requirement. This is after considering the effects of the published guidance from the PCAOB and the SEC advocating a top down, risk based, integrated, cost efficient approach.

I understand from news reports that an Advisory Committee to the PCAOB has recommended that companies with a market capitalization under \$125 million be exempt from Section 404. I support this recommendation.

PROPOSED CHANGE: I encourage the PCAOB to take the lead in revisiting the Section 404 requirement. One alternative might be to allow independent accountants to provide negative assurance rather than positive assurance on financial reporting controls. For example, instead of reporting "as of December 31,XX management's assessment that XYZ maintained effective control over financial reporting is fairly stated", rather, independent accountants would report that " nothing came to our attention during the conduct of our audit procedures for the year ended December 31,XX that would indicate that management's assessment that XYZ maintained effective control over financial reporting is not fairly stated."

While the foregoing proposed change may seem to be a play on words, there is a big difference in the eyes of the professionals. The negative assurance alternative certainly connotes an integrated approach. General Electric, for example, instead of incurring say \$20 million in additional auditor fees to satisfy Section 404 requirements, might incur only a fraction of that amount. As a GE shareholder, I think that makes good business sense. Further, my guess is that for the modest size company where I serve as audit committee chairman, Section 404 auditor fees instead of doubling, might increase say 25%.

While I advocate the aforementioned proposed change in reporting requirements for independent accountants, my view is that registrant/ management reporting and certification requirements on financial reporting controls in annual reports and SEC filings should continue in their present form.

Your favorable consideration of my proposed change as a cost-effective alternative to present practice will be appreciated.