

December 28, 2021

U.S. Securities and Exchange Commission  
Office of the Secretary  
Vanessa Countryman, Secretary  
100 F Street, NE  
Washington, DC 20549  
[rule-comments@sec.gov](mailto:rule-comments@sec.gov).

**Re: File No. S7-12-15, Listing Standards for Recovery of Erroneously Awarded Compensation**

Dear Secretary Countryman:

This is my second comment letter in response to the Commissions' reopening of the comment period for File No. S7-12-15, proposed Listing Standards for Recovery of Erroneously Awarded Compensation. My first letter was submitted on November 22, 2021 with a subsequent request for additional time to respond.

I have since reconsidered the content of this letter after amassing over 100 draft pages, with redactions, of a highly complex and ongoing accounting fraud case that has been well-documented in my ongoing communications to the SEC over the past five years. The content of the lengthy draft, without redactions, will be finalized and sent to the appropriate tribunals at a later date.

My additional comments on the proposed clawback rules are as follows:

1. Compliance is easy, cost effective, and the rules are established and clear.
2. Accounting fraud and management self-dealings are difficult, complex, expensive, eat away at existing capital, and impair a company's ability to raise new capital.
3. Smaller reporting companies should be included in the clawback rules. Their business is often far less complex than larger companies, and this levels the playing field. Compliance is easy. Fraud is difficult in any size of business.

4. There are many benefits from allocation of resources to the production of high-quality financial reporting. It's time to retire this flimsy excuse. First, it is the most important function of the finance and accounting organization. Second, it is the law. Third, readily available ERP automation systems are available in all price ranges that provide ease of use and efficiency.
5. XBRL Tagging, either detailed or block, is easy to achieve with electronic SEC reporting preparation and filing systems available to public companies both large and small.
6. Claw-back of ill-gotten gains must be broad enough to address the most egregious cases of fraud and management self-dealings. This should include public company leaders, finance/accounting personnel, board members, public company auditors, corporate secretaries/legal counsel, and controlling shareholder(s) who influence public reporting.
7. Leaders who violate the law and use a publicly-traded company as their own personal piggy bank should be held accountable and sanctioned through significant penalties, clawback of ill-gotten gains, and criminal convictions. It is easier to be compliant than not, and each leader has a choice in their behavior.
8. Leaders of a business funded by U.S. Government contracts should be held to an even higher standard of conduct, as they are additionally subject to the Federal Acquisition Regulations. The False Claim Act should be strengthened, and those who oppose it should leave the market to competitors who comply with the laws.
9. I think "gray areas" are bogus and self-defined. GAAP and accounting rules are specific and clear. The top tier public audit firms publish free guidance on complex accounting topics, and FASB rules are publicly available. Compliance is easy. Fraud is complex, difficult, and self-serving.

Respectfully submitted,

**Eileen Morrell**

Former Public Company Issuer

Smaller Reporting Company

Transmitted on December 28, 2021 via email to: [rule-comments@sec.gov](mailto:rule-comments@sec.gov).