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July 18, 2007

Via E-mail: rule-comments@sec.gov

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

Re: File Number S7-24-06

Dear Ms. Morris:

BDO Seidman, LLP appreciates this opportunity to comment on the U.S. Securities and Exchange Commission's release requesting additional comment on the definition of the term "significant deficiency," as used in the Commission's rules implementing Section 302 and Section 404 of the Sarbanes-Oxley Act.

We support the Commission's project to provide more guidance to management on completing its evaluation and assessment of internal control over financial reporting and as such support amending Exchange Act Rule 12b-2 and Rule 1-02 of Regulation S-X to define the term "significant deficiency."

We are pleased to respond to your request for specific comments as follows:

1. **Would the definition of a "significant deficiency" facilitate more effective and efficient certification of quarterly and annual reports if it were defined as discussed in this release?**

   We believe that the definition of a "significant deficiency" as proposed in this release, that is consistent with the definition included within the Public Accounting Oversight Board's (PCAOB) Auditing Standard No. 5 (AS5), will improve communication between management, audit committees and independent auditors, and as a result, facilitate more effective and efficient certifications.

2. **Should the definition of "significant deficiency" include a likelihood component or other specific criteria? If so, should we align such a definition with the PCAOB's auditing standard, and how?**

   We believe that the definition of "significant deficiency" should be consistent with the definition included in AS5, which does not include a likelihood component, but rather focuses on matters that are important enough to merit attention. Further, we agree with the Commission that this definition should be included in its rules, in addition to being part of the auditing standards.

3. **Are there any additional costs or burdens involved in evaluating whether identified deficiencies meet the definition of significant deficiency? If so, what are the types of costs, and the anticipated amounts? In what way can the definition be further modified to mitigate such costs while still appropriately describing deficiencies that should be disclosed to audit committees and auditors?**

   We do not believe that the definition of significant deficiency will result in additional costs or burdens; rather we anticipate that the amount of time necessary to evaluate whether a deficiency is a significant deficiency will generally be less than under PCAOB Auditing Standard No. 2.

4. **Are there additional potential benefits we have not considered? Additionally, a potential consequence of the definition is that, due to the flexibility provided in the definition, there may be less comparability among companies in terms of what management determines is a significant deficiency. Is this accurate? Are there other potential costs or burdens? How should we mitigate such costs or burdens?**

   The most important benefit of the definition of a significant deficiency, which has been considered by the Commission, is the flexibility provided for within the definition, which emphasizes the use of judgment in determining matters important enough to merit attention. While this flexibility may result in less comparability among companies in terms of what management determines is a significant deficiency, we do not consider this to be a concern, since the focus of the definition is on internal communication between management, the audit committee and the independent auditor.

5. **Is there any special impact of the definition of significant deficiency on smaller public companies? If so, what is the impact and how should we address?**

   We do not believe there is any special impact of the definition on smaller public companies.

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We would be pleased to answer any questions you may have about our comments. Please contact Wayne Kolins, National Director of Assurance, at (212) 885-8595 or via electronic mail at wkolins@bdo.com with any questions.

Very truly yours,

/s/ BDO Seidman, LLP

BDO Seidman, LLP