

January 21, 2008

Board of Directors
Guam Economic Development and Commerce Authority

Gentlemen:

In planning and performing our audit of the financial statements of the Guam Economic Development and Commerce Authority (the Authority) for the year ended September 30, 2008, on which we have issued our report dated January 21, 2008, we developed the following recommendation concerning a matter related to its internal control. Our recommendation is summarized below:

Recommendation No. 1 – Uncollectible Loans

Comment:

Loans where the Authority has exhausted all reasonable and cost effective collection efforts and which have been fully reserved should be considered for charge-off. The ultimate resolution of this matter will have no financial statement impact.

Recommendation:

We recommend that management develops a list of such loans and obtain Board approval of the charge-off.

Management Response:

We agree with the recommendation and will work on charging off the uncollectible loans.

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This report is intended solely for the information and use of the Board of Directors and management of Guam Economic Development and Commerce Authority.

We wish to express our appreciation for the cooperation of the staff and management of the Authority during the course of our audit. We would be available to discuss any questions that you may have concerning the above comments at your convenience.

Very truly yours,

