

SECURITIES AND EXCHANGE COMMISSION

FORM UPLOAD

SEC-originated letters to filers

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FILED FOR

MCRAE INDUSTRIES INC

CIK: **729284** | IRS No.: **560706710** | State of Incorporation: **DE** | Fiscal Year End: **0730**
Type: **UPLOAD**
SIC: **3140** Footwear, (no rubber)

Mailing Address
402 NORTH MAIN STREET
PO BOX 726
MT. GILEAD NC 27306

Business Address
402 NORTH MAIN STREET
PO BOX 726
MT. GILEAD NC 27306
910-439-6147

Mail Stop 3-8

May 3, 2005

By Facsimile and U.S. Mail

Mr. D. Gary McRae
McRae Industries, Inc.
President, Treasurer and Director
400 North Main Street
Mount Gilead, NC 27306

Re: Form 10-K for the year ended July 31, 2004
Form 10-K/A for the year ended July 31, 2004
File No. 1-08578

Dear Mr. McRae:

We have reviewed your response dated April 15, 2005 to our comment letter dated March 17, 2005 and have the following additional comments. Please understand that the purpose of our review is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. Feel free to call us at the telephone numbers listed at the end of this letter. Form 10-K for the Year Ended July 31, 2004 as Amended

Item 9A. Disclosure Controls and Procedures, page 42

1. We note your response to prior comment 17. Please advise or revise to also include a discussion in MD&A of the significant deficiencies that led to a material weakness and the corrective actions initiated to remediate the weakness.

Consolidated Statements of Operations, page 24

2. We note your response to prior comment 7. We understand that you have both Class A and Class B common stock outstanding and that the two classes of common stock have different dividend rates. We also understand that your Class B common stock is convertible into

Class A
common stock. Because you have a multiple class common stock
capital
structure, we continue to believe that you should report diluted
EPS
for each class of common stock using the two-class method. In
this
regard, and consistent with our prior comment, we believe
paragraphs
60.b. and 61 of SFAS 128 require use of the two-class method of
computing diluted EPS for those companies with multiple classes of
common stock with differing dividend rates. It is our
understanding
that SFAS 128 has always required use of the two-class method of
computing basic and diluted EPS for those companies with multiple
classes of common stock with differing dividend rates. Please
confirm that you will revise your diluted EPS presentation
accordingly in future filings.

Please send us your response to our comment within 10
business
days from the date of this letter or tell us when you will provide
us
with a response. Please understand that we may have additional
comments after reviewing your response to our comment. Your
supplemental response letter should be submitted in electronic
form
on EDGAR as a correspondence file. Refer to Rule 101(a) of
Regulation S-T.

If you have any questions regarding our comments, please
direct them to Brian V. McAllister at (202) 551-3341 or, Donna Di
Silvio at (202) 551-3202, or in her absence to the undersigned at
(202) 551-3841.

Sincerely,

Michael Moran
Accounting Branch

Chief

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Mr. D. Gary McRae
McRae Industries, Inc.

May 3, 2005

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