



Letter of Comment No: 114
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November 21, 2003

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Mr. Scott A. Taub
Deputy Chief Accountant
Securities and Exchange
Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: FASB Interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46)

Dear Messrs Herz and Taub:

Mail Boxes Etc., Inc. ("MBE"), is the franchisor for over 3,500 Mail Boxes Etc.® and The UPS Store™ locations throughout the United States. MBE is also a member of the International Franchise Association (IFA). As such, we wish to write in support of IFA's comments to you regarding FIN 46.

We appreciate the spirit in which the Federal Accounting Standards Board drafted FIN 46; however, we are afraid that the FASB may have cast its net too wide in its efforts to redefine Special Purpose Entities (SPE) as Variable Interest Entities (VIE). The consensus among those in the franchise community is that the definition of VIE's would likely encompass franchise networks.

Presumably, the purpose of FIN 46 is to effect greater accuracy in financial reporting. We suggest that FIN 46 would result in just the opposite. Consolidating the financial reports of franchisees with those of the franchisor would not provide an accurate account of financial performance, as franchisors are, by definition, a separate entity from the franchisees, and the franchisees are separate entities from one another.

Ultimately, FIN 46 in its current form stands to require the expenditure of significant resources on the part of franchisees, franchisors and regulators, all to bring about a portrayal of finances that will most certainly be inaccurate.

Thank you for your attention to my comments. I trust you are hearing from others throughout the franchise community, and I ask that you give serious consideration to our concerns.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Kolman', with a long horizontal flourish extending to the right.

Richard L. Kolman
Senior Franchise Counsel

Cc: Stuart Mathis, President, MBE
Don DeBolt, President, IFA
Matthew Shay, Executive Vice President, IFA
John Gay, Vice President, IFA
Matt Lathrop, Director of Government Relations, IFA