



November 25, 2003

Via e-mail to director @ fash.org

TA&I Director
Financial Accounting
Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Letter of Comment No: 59
File Reference: 1082-300
Date Received: 11/25/03

Re: File Reference No. 1082-300

Dear Sir/Madam:

On behalf of the National Restaurant Association, the leading association for the nation's 870,000 restaurant locations, we are writing to express our concerns with the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46).

As written, there is great potential that FIN 46 will impose an unnecessary hardship on franchise businesses, and add complexity and confusion to the reporting process. Most importantly, FIN 46 could result in a serious economic impact on a vibrant and growing business sector and major contributor to the economy. Franchising is a very common and successful business model within the restaurant industry. According to the Bureau of the Census, franchised restaurants have accounted for more than \$97 billion in annual sales and provide more than 3.1 million domestic jobs.

Our Association supports the goal of providing meaningful and accurate financial accounting data to regulators, the market and investors. However, we are concerned about the unintended consequences of FIN 46, and the impact it would have on franchises. Thousands of small businesses will potentially be burdened with unanticipated costs and reporting requirements, and the financial statements of hundreds of franchisors may be distorted and rendered meaningless.

We, therefore, urge you to seek an immediate moratorium, until fiscal years beginning after December 15, 2004, on the application of the FIN 46 until a clarifying statement by FASB is issued regarding franchise relationships.

Sincerely,

Handwritten signature of Steven A. Anderson.

Steven A. Anderson
President and CEO

Handwritten signature of Lee Culpepper.

Lee Culpepper
Senior Vice President
Government Affairs and Public Policy