November 10, 2003

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Cartridoe World

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

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Gentlemen:

We are a Master Franchisor for Cartridge World and <u>we are opposed to</u> implementation of FIN 46 on <u>December 15, 2003</u> in its current form. We believe that it will have a chilling effect on franchise expansion, thereby denying entrepreneurs the ability to own their own businesses.

It is our belief that FIN 46 inadvertently and unintentionally affects franchise companies in a way that could be interpreted as requiring franchisors (the parent companies) to consolidate into their financial statements the financial statements of their franchisees (which are owned and operated independently, with franchisee-operators bearing the risk/reward). Although the clear targets of FIN 46 are entities formerly known as special purpose entities (SPE), by defining variable interest entities (VIE) by the amount and characteristics of their equity, FIN 46 will affect the franchise community in a dramatic and sweeping fashion.

Furthermore, small businesses such as franchisees would be hit especially hard by being required to use the same outside auditor, adhere to accounting principles dictated by the franchisor, forced to provide full financial statement information to the franchisor, required to provide internal control reports to franchisors, and adhere to internal control dictates.

These are all costly hardships that would be unfairly borne by franchisees.

Sincerely

Kathy Serls

President

Cartridge World of PA

