

October 28, 2003

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



RE: Proposed FASB Staff Position No. 150-c.

We appreciate the opportunity to comment on Proposed FASB Staff Position No. 150-c, entitled, Effective Date and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities of FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("Statement 150").

*Baltimore**Chicago**Dallas**London**Los Angeles**Madrid**Miami**Sbanghai**Tokyo**Washington*

RTKL Associates Inc. is a privately owned architecture and engineering design firm with clients, offices and operations around the world. We currently have approximately 60 employee-shareholders who invest a substantial amount of their personal net worth in our company. The typical RTKL employee-shareholder holds their investment in RTKL common stock for 20 years or more. Upon termination of their employment with our company (retirement, death, or otherwise), the company repurchases their shares in order to maintain control over the ownership of our firm. Further, certain states' licensing provisions for professional services firms require professional employee ownership. We are very concerned about the implications of Statement 150 on our financial statements, and the ability to effectively explain to our shareholders, clients and potential clients, financial institutions, vendors, and other users of our financial statements that the application of this new accounting standard will completely eliminate our recorded equity. **Therefore, we not only support deferral of Statement 150, but we request that the FASB reconsider the issue of mandatorily redeemable securities for nonpublic entities.**

We strongly disagree that mandatorily redeemable common shares be considered liabilities. To characterize them as such is a misrepresentation of the substance of our relationship with our shareholders, and of their residual interests in the success and failure of our firm. Even with a mandatory redemption provision in the shareholders' agreement, the common shareholders exercise ownership control and are subject to ownership risk. This control even would allow them to cancel any contractual redemption provision, for example, if they decide to sell the company to a third party. The risks are apparent should the business falter or fail, and this distinguishes the common shareholder from all other obligees. Additionally, the inappropriateness of treating redeemable common stock as a debt instrument is also shown by the different treatment of debt and equity in the event of insolvency of the issuing entity. Creditors and debt holders have priority rights in the assets of the insolvent entity, while claims of stockholders and former stockholders are subordinated to the claims of true creditors.

RTKL

We believe this position is supported by the FASB's own conceptual framework. Assets are resources available to an entity. Liabilities represent claims against those resources. Equity represents the residual interests in those assets assuming the satisfaction of all the claims from available resources. Common shareholders are residual interest holders until such time as the claim for the redemption of their shares is presented to the company and quantified at that time, which only occurs at the point that the mandatory redemption provisions become effective, regardless of whether the redemption is at fair value, formula value, or book value. When all shareholders have the same rights of redemption upon termination, retirement, or death, all will receive their pro rata interest in the entity's net assets. Therefore, they are in the same position as if the redemption requirement did not exist; they are residual interest holders.

Clearly, in addition to controlling ownership, redemption features in shareholder agreements of privately-owned companies exist to provide their shareholders with liquidity that the "public markets" provide for public entities. By eliminating the equity sections of most nonpublic companies, Statement 150 will put nonpublic companies at a competitive disadvantage compared to similar public entities and global competitors not subject to these accounting rules. Nonpublic companies' balance sheets, on their face, will appear insolvent, when all other things being equal and assuming a going concern, there is substantively little difference between public and nonpublic entities. In addition, our shareholders, when seeking their own personal financing, will be placed at a competitive disadvantage when they are asked to submit financial statements supporting the valuation of their equity interests in the firm, and their residual interest is substantively reflected as a loan to company.

We also request the FASB reconsider this accounting change on the basis of cost-benefit for nonpublic companies and the users of their financial statements. Currently, nonpublic entities are required to disclose the redemption provisions in the notes to the financial statements; a practice incorporated, generally accepted and understood in the user community for decades. An alternative would be to carve out an exception to the mandatorily redeemable financial instruments provisions of Statement 150 for nonpublic entity common shares, and provide a requirement to include the wording "subject to mandatory redemption" in the equity section of the balance sheet. This would eliminate the non-productive time and expense of nonpublic companies and their counterparties having to renegotiate and amend numerous agreements containing covenants or representations related to reported equity.

Thank you for your consideration of the matters. If you have any questions concerning our comments, please do not hesitate to contact me at 410-537-6200.

Sincerely,



Kenneth V. Moreland, CPA
Sr. Vice President and Chief Financial Officer
RTKL Associates Inc.