

CRATERS & FREIGHTERS.

Letter of Comment No: 36 File Reference: 1082-300 Date Received: 11/10/03

WE SHIP. EVERYTHING.

November 10, 2003

TA& 1 Director
Financial Accounting Standards Board
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Reference: File Number 1082-300

To Whom It May Concern:

As the founder and CEO of a small franchise company, I am writing to express my concern regarding FASB Interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46). While I appreciate its intent to correct abusive behavior, I am dubious as to its effect on my franchise company and the franchise community as a whole.

Please allow me to call your attention to the fact that while the company receives a royalty based on the gross sales of its franchisees; the company has no ownership right or equity interest in the franchise. We have neither legal obligation to franchisees debt nor rights to their revenues or profits. We are restricted from participating in certain financial and operational decisions of the franchisee and are only directly involved in issues pertaining to the protection of the operating standards, name, and trademark.

Historically we have not mandated all of the required financial information from our franchisees and I would have to seek legal opinion as to if we can legally require it. Complicating matters further is that each franchise owner operates with dissimilar accounting methods, policies and accounting systems, making it complicated and exceedingly costly to collect the proper franchisee financial information to report in an accurate and timely manner.

In the end, FIN 46 seems to risk rendering a financial statement that could be completely diverse from the true and correct financial condition of my company. I am required to file accurate and timely financial statements to the Federal Trade Commission for registration purposes and to present accurate financial statements to would-be franchise buyers to make informed franchise purchasing decisions. For these and other reasons, it is critical for my financial statements to be clear, accurate, and completely understandable.

I sincerely hope you will consider declaring the inapplicability of FIN 46 to franchisors and suspend the application to franchise relationships.

Dianna S. Gibson, CEO Craters & Freighters Franchise Company

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