

Letter of Comment No: 135  
File Reference: 1082-200  
Date Received: 09/23/02

September 23, 2002

MP&T Director  
File Reference 1082-200  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116  
Via: email

We are pleased to submit the comments of the Accounting and Reporting Standards Committee of the Connecticut Society of Certified Public Accountants on the Exposure Draft of the Proposed Interpretation, *Consolidation of Certain Special-Purpose Entities*.

The views expressed in this letter are those of the Accounting and Reporting Standards Committee. Those views are not necessarily the view of the membership of the Connecticut Society of Certified Public Accountants.

We appreciate the opportunity to present our comments. Should there be any questions, please feel free to contact me at 860-677-8303.

Respectfully submitted,

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Chair, Accounting and Reporting Standards Committee  
Connecticut Society of Certified Public Accounts

The Committee would like to first express its overall agreement with the interpretation. It appears that this standard will help clarify when to consolidate special purpose entities (SPE). However, as solicited by the Exposure Draft, we would like to share some of our thoughts with you concerning the proposed interpretation.

- Several areas of the interpretation are subjective and may result in inconsistent treatment for similar circumstances.

Paragraph 13c - It may be difficult to determine whether a party provides a majority of the financial support or if it provides significantly more of the financial support than any other party. This could result in entities not consolidating the SPE when it should or more than one entity consolidating the SPE. Requiring consolidation only in circumstances where a party provides a majority of the financial support would help. It is too subjective to determine among various entities providing less than the majority of the financial support, which one provides significantly more than any other.

Paragraphs 19 and 20 - The difficulty in determining whether a fee is market based and determining the size of variable interests will probably result in different treatment for similar entity relationships. The presumption that a fee is not market based unless it can be demonstrated to be comparable to fees in similar observable arm's length transactions or arrangements would eliminate those circumstances where the parties in fact did negotiate fees at arm's length but no other observable transactions exist. Providing other means to determine whether a transaction is at arm's length would be a better solution. Allowing an auditor to use professional judgment based on all facts and circumstances would be better.

Paragraphs 22 and 23 - There is concern that SPEs that hold financial interests would be required to consolidate when consolidation based on the rules for variable interests would not require consolidation.

- Disclosure of the SPE's assets and liabilities when a party is not the primary beneficiary as required by paragraph 25 may be impossible because the enterprise may not have access to the SPE's financial information.

Thank you for the opportunity to share our comments with you.