

# LEVITZACKS

CERTIFIED PUBLIC ACCOUNTANTS



LETTER OF COMMENT NO. /

THERESA M. DROUILLARD, CPA  
VICTOR G. RAMSAUER, CPA  
THOMAS E. REX, CPA  
KIM W. UFFORD, CPA, AM

Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

November 27, 2006

VIA E-MAIL TO [DIRECTOR@FASB.ORG](mailto:DIRECTOR@FASB.ORG)

RE: Comment on proposed FSP No. EITF 00-19-b

Dear Sir or Madam:

LevitZacks, Certified Public Accountants, is a locally based CPA firm serving both private and public companies. In general we concur with the proposed FSP. In particular we agree with the Statement 5 approach to recognition and measurement of contingent registration payment obligations.

We are concerned that the pronouncement's wording as proposed may create confusion and diversity in practice under certain circumstances. Our concern relates to the wording in paragraph 7 (and elsewhere in the document) which states that "The financial instrument(s) subject to the registration payment arrangement shall be recognized and measured in accordance with other applicable GAAP... without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement." (Emphasis added). We believe further clarification is needed as to the meaning of "without regard to the contingent obligation" in the context of only the instruments subject to the registration payment arrangement. Consider the circumstance of an entity with a registration payment arrangement where a fixed dollar amount of liquidated damages may be paid in either cash or shares at the option of the holder. Furthermore, assume the entity has both contracts settled in shares that are not subject to the registration payment arrangement and contracts settled in shares that are subject to the registration payment arrangement. The proposed FSP could be construed to mean that when evaluating, for purposes of EITF 00-19 paragraph 19, whether or not the entity has enough authorized shares to settle a contract, that the theoretically infinite number of shares issuable under the registration payment arrangement should not be considered in evaluating the classification of contracts subject to

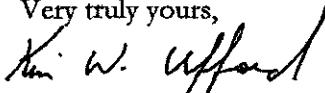
701 B STREET #1300 • SAN DIEGO • CALIFORNIA 92101  
TELEPHONE: 619. 238-1077 • FAX: 619. 696-8614  
EMAIL@LZ-CPA.COM • WWW.LZ-CPA.COM

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the registration payment arrangement, but should be considered for contracts not subject to the registration payment arrangement.

Thank you for the opportunity to comment.

Very truly yours,

A handwritten signature in black ink that reads "Kim W. Ufford". The signature is written in a cursive style with a large, sweeping initial "K".

Kim W. Ufford CPA AM  
Shareholder

KWU:mdg