Letter of Comment No: 82
File Reference: 1082-154
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Barnett Banks, Inc.

Patrick J. McCann
Controller

50 North Laura Street
Jacksonville, Florida 32202-0789
904/791-7115

January 12, 1996

Financial Accounting Standards Board
Director of Research and Technical Activities
File Reference No. 154-D
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Proposed Statement of Financial Accounting Standards
Consolidated Financial Statements: Policy and Procedures
File Reference No. 154-D

Dear Sirs:

We appreciate the opportunity to comment on the exposure draft of the above referenced proposal. Barnett Banks, Inc. is the leading financial institution in Florida and is ranked in the top 25 in the United States. These comments were developed based on our detailed review of the draft.

Overall, we do not believe that the definition of control expressed in this proposed statement is operational. Current consolidation policy based on legal control appears to be effective. It is not clear what issue the FASB is trying to address with its comprehensive definition of control and temporary control. In our opinion, effective control, as defined in the proposal, should not always require that a subsidiary be consolidated.

In addition, we have the following specific concerns regarding certain issues:

- The definition of control in paragraph 10 is vague and we do not believe that entities with no legal control, no majority ownership of shares of a corporation, should be required to consolidate subsidiaries based on effective control only. While legal control is easily measured and exclusionary, effective control in practice is not. Would an entity with effective control be required to consult with another affiliate with effective control to determine which one would consolidate the subsidiary because effective control is not clear? Otherwise, the two entities may consolidate the same subsidiary.

- The paragraph 14c definition of effective control may lead both issuers and holders to consolidate convertible debt into their financial statements.

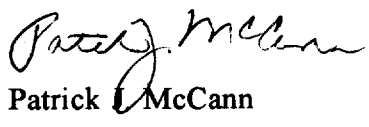
- Paragraph 14d may force Special Purpose Entities to be consolidated into the sponsor's financial statements. It is imperative that this proposal be considered in light of the Board's recent proposal, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," so that transfers would not be consolidated back into the transferor's balance sheet.

- Paragraph 14e may force lenders to consolidate the assets of a borrower if the lender has the ability to convert a troubled loan into equity.

- The transition requirement in paragraph 37 that comparative financial statements for earlier periods be restated when this statement is adopted could significantly change the results previously reported by the controlling entities of Special Purpose Entities.

Feel free to contact me at the above location with any questions or concerns.

Sincerely,



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