## CONNELL FINANCE COMPANY, INC.

A SUBSIDIARY OF THE CONNELL COMPANY

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Letter of Comment No: 62 File Reference: 1082-154 Date Received:

January 12, 1996

Timothy S. Lucas Director of Research and Technical Activities Financial Accounting Standards Board File Reference 154-D 401 Merritt 7, Route 7 Norwalk, CT 06856-5116

Dear Timothy S. Lucas:

45 CARDINAL DRIVE

I have the following comment to Exposure Draft, File Reference No. 154-D, Consolidated Financial Statements: Policies and Procedures.

Exposure Draft No. 154-D does not clearly address whether (1) "control of an entity" includes power to exercise control over such entity's sole asset(s) through such means as a lease agreement that conveys substantial control of such asset(s) to the lessee during the term of the lease; or (2) "effective control of an entity" includes restrictive covenants that prohibits such entity from conducting business other than the operation of assets used by the controlling entity in essentially the same way as the controlling entity uses its other assets.

Peter A. Koziol

Vice President

PAK/gk