Grant Thornton

LETTER OF COMMENT NO. 17

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Re: File Reference No. 1620-100

Grant Thornton LLP appreciates the opportunity to comment on the proposed Statement, *Amendments to FASB Interpretation No. 46(R)*. We believe that a consolidation model that requires consideration of power or control would be an improvement over the current requirements for consolidation of a variable interest entity based solely on economic risks and rewards. However, the remainder of this letter discusses our significant concerns about the costs, benefits, clarity, or operationality of some of the proposed amendments to FASB Interpretation 46 (revised December 2003), *Consolidation of Variable Interest Entities*. Therefore, we suggest that the FASB consider working with the International Accounting Standards Board (IASB) to expeditiously complete a comprehensive converged consolidation standard instead of trying to patch Interpretation 46(R). Until the completion of a converged standard, transparency of financial reporting could be improved through expanded disclosure requirements for certain enterprises involved with variable interest entities.

Specific comments

[Except at noted, paragraph numbers refer to exiting or proposed paragraphs in Interpretation 46(R).]

Responses to questions in the Notice for Recipients

Question 1. Will the proposed Statement meet the project's objectives to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements?

As previously indicated, we believe that a consolidation model that includes consideration of power or control would be an improvement over the current requirements for consolidation of a variable interest entity based solely on economic risks and rewards. However, we believe the concerns identified in the remainder of letter about the costs, benefits, clarity or operationality of some of the proposed amendments need to be addressed.

Inconsistent treatment of kick-out rights

For a qualitative assessment of power under proposed paragraph 14A(a), substantive kick-out rights would be considered only if they could be unilaterally exercised by a single enterprise (including its related parties). Proposed footnote 15b would preclude applying this new

limitation on the consideration of kick-out rights outside of the analysis required under proposed paragraph 14A(a). Accordingly, the Exposure Draft does not propose to amend the existing guidance in paragraphs B18 through B21 to limit the consideration of kick-out rights on the determination of whether fees paid to a decision maker should be considered a variable interest in a variable interest entity. Because of the inconsistent guidance on the consideration of kick-out rights, an arrangement with a decision maker might not be considered a variable interest in an entity under paragraphs B19 through B21, even though that same arrangement would otherwise identify the decision maker as the primary beneficiary under proposed paragraph 14A.

Under proposed paragraphs 14A and 14C, an enterprise would be required to consider whether it is the primary beneficiary of a variable interest entity only if the enterprise has a variable interest in that entity. Therefore, a decision maker whose only involvement with an entity is through an arrangement that is not a variable interest under paragraphs B19— B21 solely because of substantive kick-out rights held by multiple parties would not be required to consider whether the entity is a variable interest entity or whether the arrangement would identify the decision maker as the primary beneficiary if the entity is a variable interest entity.

We recommend that kick-out rights be treated consistently throughout Interpretation 46(R).

We also believe there needs to be consistency in the consideration of substantive kick-out rights between voting interest entities under EITF Issue 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" and variable interest entities under Interpretation 46(R) to avoid structuring opportunities.

Significant variable interest

The proposed amendment to paragraph 6 of Interpretation 46(R) would define a significant variable interest as one that is significant to either the variable interest entity or to the reporting enterprise itself. Therefore, a reporting enterprise that has an interest in an entity that is significant to the entity but not to the enterprise (a) would not quality for the exception to the application of Interpretation 46(R) to that entity provided in paragraph 6 and (b) would be required to provide the expanded disclosures that the proposed amendments to Interpretation 46(R) would require for an enterprise with a significant variable interest in a variable interest entity. However, if the interest is not significant to the variable interest entity itself, regardless of whether it is significant to the reporting enterprise, it is unlikely that the enterprise would have the ability to obtain the information necessary:

- To determine whether or not an entity is a variable interest entity and therefore within the scope of Interpretation 46(R) and the FSP's disclosure requirements

- To provide some of the disclosures that would be required under the proposed FSP

Obtaining such information about an entity is often difficult even for enterprises that hold interests that are significant to the entity.

Therefore, we recommend clarifying that the significance of a variable interest should be determined in relation to the variable interest entity, not in relation to the reporting enterprise, for the application of Interpretation 46(R)'s guidance on consolidation and disclosure. Such a clarification could also help mitigate our concerns about the extensive proposed disclosures that would be required for any variable interest entity in which an enterprise has a significant variable interest even if the enterprise's only involvement with or exposure to the risks of that entity is as a passive investor. (See our responses to question 8.)

We suggest that the Board also consider clarifying that the significance of an interest is not based solely on the monetary value of that interest. For example, if the rights and obligations of an interest in an entity could identify the holder of that interest as the primary beneficiary of that entity, and the entity's assets, liabilities and operations would be material to the holder's consolidated financial statements, then the interest would be significant even if the monetary value of the interest itself would not be considered material.

Question 2. What costs do you expect to incur if the Board were to issue this proposed Statement in its current form as a final Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits to users of financial statements?

Please see our responses to Question 6 regarding proposed reconsideration requirements and Question 8 regarding the proposed disclosure requirements.

Question 3. The Board decided to adopt a more principles-based approach to determine the primary beneficiary of a variable interest entity. Do you believe the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, are sufficiently clear and operational?

As previously indicated, we are concerned about the operationality of the proposed description of a significant variable interest and the proposed addition of a new rule on consideration of kick-out rights. In addition, we question whether the following elements of the proposed model are sufficiently clear and operational:

- The right to receive benefits or the obligation to absorb losses that could potentially be significant to the variable interest entity
- The applicability of proposed paragraphs 14A, 16, and 17 to an enterprise with power over an entity but without a variable interest in that entity
- The application of proposed paragraph 17 to a group of related parties that share power over a variable interest entity

Potentially significant benefits or obligations

We believe that the condition in proposed paragraph 14A(b) requires clarification but may have significant unintended consequences even if clarified. Except for prohibiting the use of the quantitative analysis, the proposal would provide no guidance on how to assess whether the

right to receive the benefits from an entity or the obligation to absorb the obligations of an entity could potentially be significant to that entity.

Servicing fee arrangements and management fee arrangements that provide for compensation at a fixed percentage are very common and in many of these arrangements substantive kick-out rights do not exist. Paragraph A11 in Example 1 of the proposed implementation guidance appears to describe a transferor that is unable to determine whether or not a fixed servicing fee arrangement, by itself, would provide benefits that could potentially be significant to the entity. If the fee arrangement were the transferor's only interest in the entity, then the qualitative analysis under proposed paragraph 14A would not be conclusive and the quantitative analysis would apply. However, we believe that such an arrangement could both

- Identify the servicer or manager as a party with power over and a variable interest in the entity

- Provide benefits that have the potential to be significant to the entity, even though it would not absorb a majority of the variability of the entity.

Accordingly, the arrangement by itself would identify the servicer or manager as the primary beneficiary under proposed paragraph 14A and prohibit consideration of a quantitative analysis under proposed paragraph 14C, which if applied would result in a different conclusion on consolidation. Therefore, we believe that a higher threshold needs to be established for assessing an economic interest under paragraph 14A(b) in order to avoid consolidation of many entities for which consolidation would not provide meaningful financial statement presentation or disclosure. We recommend that the Board explore alternatives to the condition in paragraph 14A(b) to develop a consolidation model that would capture most of the variable interest entities that should be consolidated without the unintended consequence of requiring consolidation of entities that most users would not expect to be consolidated. Alternatives for consideration might include "the right to receive significant benefits or obligation to absorb significant losses" or "a variable interest (or combination of variable interests) that would absorb a significant amount of expected losses or receive a significant amount of expected residual returns."

For example, consider a situation where the trustee of an irrevocable trust may have the power to direct the significant activities of the trust and may receive a fee that is a fixed percentage of the assets in the trust. The fee would be considered a variable interest in the trust under paragraphs B18—B21 if the trustee cannot be kicked-out. Depending on the trust's assets and activities, that fee arrangement may or may not potentially be significant to the trust. We are concerned that the trustee would be identified as the primary beneficiary under proposed paragraphs 14A and 14B even though the trustee is operating in a purely fiduciary capacity and it is apparent that the fee arrangement would not expose the trustee to a majority or even a significant amount of the variability of the trust.

Clarify the applicability of paragraphs 14A, 16, and 17

To determine the primary beneficiary of a variable interest entity, proposed paragraph 14A would require an enterprise with a variable interest in a variable interest entity to perform a qualitative assessment, and paragraphs 16 and 17 would require aggregation of the variable interests held by related parties. An enterprise may be involved with an entity through an arrangement that is not considered to be a variable interest in the entity. For example, an arrangement may provide decision making ability with either no economic interest or a fee that is significant to the entity but not a variable interest under paragraphs B18-B23 of Interpretation 46(R).

We recommend that the Board clarify whether such a reporting enterprise would be required to apply paragraph 14A or would be included in a related party group under paragraphs 16 and 17. Such clarification is important because under the amended guidance, consolidation of a variable interest entity would consider elements of power in addition to the economic benefits and risks provided by variable interests in an entity.

We suggest that the Board also clarify, perhaps by example, how power could be assessed in a related party group. For example, if the parties in a group that, in aggregate, hold power over an variable interest entity are only related as de facto principles or agents under paragraph 16(d)(1), could the guidance in paragraph 17 ever allow for a conclusion that power is shared under proposed paragraph 14B or must one of the group consolidate the entity?

Furthermore, we suggest that the discussion in paragraph B23 of the proposed basis for conclusions relating to shared power and involvement in the creation of an entity be included in authoritative implementation guidance so that it is not lost in the FASB Codification process.

Question 4. The Board concluded that it would be helpful to provide examples of the application of the principles in this proposed Statement. Do you believe that the examples in Appendix A clearly indicate how the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, would be applied? If not, please articulate what additional information or guidance is necessary, considering the basis for the Board's conclusions.

We suggest that the Board provide additional examples on the application of the proposed amendments to illustrate their application to the follow common structures:

- A fiduciary relationship. We suggest that the Board consider clarifying the application of proposed paragraphs 14A and 14B to a purely fiduciary relationship. For example, the trustee of an irrevocable trust may have the power to direct the significant activities of the trust and may receive a fee that is a fixed percentage of the assets in the trust. The fee would be considered a variable interest in the trust under paragraphs B18— B21 if the trustee cannot be kicked-out. Depending on the trust's assets and activities, that fee arrangement may or may not potentially be significant to the trust. We are concerned that the trustee would be identified as the primary beneficiary under proposed paragraphs 14A and 14B even though the trustee is operating in a purely fiduciary capacity and it is apparent that the fee

arrangement would not expose the trustee to a majority or even a significant amount of the variability of the trust.

- A single lessee leasing arrangement between entities under common control. Such arrangements are very common, especially among private entities that do not otherwise have extensive exposure to or experience with the application of Interpretation 46(R). We recommend that the Board provide an example to illustrate the application of the proposed amendment to paragraph 17 of the Interpretation to the analysis of the related party group in such a leasing arrangement. Otherwise, we believe that the proposed amendment to paragraph 17 and the emphasis in proposed paragraph 14B on power that is unshared are likely to be attributed sufficient weight to result in deconsolidation of many such arrangements which are currently consolidated under Interpretation 46(R).

- A related party arrangement under paragraph 17. (See response to question 3)

Question 5. This proposed Statement retains the quantitative analysis for situations in which an enterprise cannot determine whether it is the primary beneficiary through the qualitative analysis in paragraph 14A of Interpretation 46(R), as amended by this proposed Statement. In Appendix A, each example either identifies a primary beneficiary or concludes that no primary beneficiary exists through a qualitative analysis. The Board may consider removing the quantitative analysis for determining whether an enterprise is the primary beneficiary of a variable interest entity. Do you believe that the quantitative analysis is necessary based on the proposed amended guidance for determining the primary beneficiary? Do you believe that the quantitative analysis would be performed in many situations? Why or why not?

As indicated throughout this letter, we have significant questions about the application of the proposed qualitative assessment to determine the primary beneficiary. The last sentence in paragraph 14B would seem to make the quantitative analysis in paragraph 14C unnecessary. However, it is not clear whether it would always be possible to reach a conclusion as to whether certain variable interests such as a servicing fee arrangement by itself could provide benefits that are potentially significant to the variable interest entity. In addition, we note that the risks and rewards model was developed to address the difficulty of identifying the party with power or control over certain entities. Therefore, we support the proposal to retain the existing economic risks and rewards consolidation model if the new qualitative assessment is inconclusive. The Board could reconsider whether the quantitative assessment is necessary at a later date after the qualitative assessment has been applied in practice.

Question 6. For the reasons stated in paragraphs B6–B15 of this proposed Statement, the Board decided to require ongoing assessments to determine whether an entity is a variable interest entity and whether an enterprise is the primary beneficiary of a variable interest entity. Do you agree with the Board's decision to require ongoing assessments? If not, please provide reasons (conceptual or otherwise) as to why you disagree with these requirements considering all of the proposed amendments in this proposed Statement.

Ongoing reconsideration and elimination of exception for operating losses

We believe that the proposed requirement for ongoing reconsideration of whether an entity is a variable interest entity and of which party is the primary beneficiary of that entity, together with

the elimination of the exception to reconsideration solely because the entity incurred operating losses, will result in significant additional cost and effort, especially for private operating companies. We disagree with the Board's conclusion that the benefits will outweigh the significant costs and efforts required by the proposal. In fact, we believe that in many circumstances the proposed reconsideration requirements would not be operational.

While many reporting enterprises with an interest in an operating entity have been able to determine whether the entity is a variable interest entity using a qualitative analysis, in our experience, the need for a quantitative analysis is not uncommon. Such a quantitative analysis requires determination of the assessment-date fair values of the entity and all the potential variable interests in the entity and estimates of future operating cash flows. The analysis of a private operating entity can be especially difficult because there may not be readily available market inputs to determine the necessary fair values.

Under the proposed amendments, each enterprise with a significant interest in an operating entity would be required to continuously monitor the status of that entity, including the fair values of that entity and all interests in that entity, to determine if the entity's classification as a variable interest entity or a voting interest entity has changed. Therefore, we believe that the proposed reconsideration requirements would increase the frequency of and reliance on quantitative assessments, especially for private operating companies that are variable interest entities earning income or voting interest entities incurring operating losses. Compliance with the proposed reconsideration requirements would be especially difficult and costly for many reporting enterprises that are themselves operating companies that are not in the on-going business of designing, selling, servicing, or valuing the entities with which they are involved and do not have staff with the ability to do so.

We question whether an enterprise would be able to comply with the proposed requirements in some circumstances at any cost. For every entity in which the reporting enterprise holds a significant interest, the enterprise would be responsible for determining the point in time at which the status of a voting or variable interest entity changes as a result of normal operations using qualitative and quantitative assessments which the Board has acknowledged are imprecise estimation tools. If the reporting enterprise were to determine that the status of an entity had changed solely as a result of normal operations, we believe the enterprise would not be able to respond to those questioning their judgments, asking, "Why this day?" "Why not the day before, the week before, or the month before?" A reporting enterprise is unlikely to have the resources to update, on a daily basis, its assessments of entities with which it is involved, even if the enterprise had the ability to obtain the information necessary for the assessment on a daily basis.

Our concerns about the proposed reconsideration requirements for determining whether an entity is a variable interest entity also apply to the proposed on-going reconsideration of the primary beneficiary determination, when that determination is based on a quantitative assessment under proposed paragraph 14C or on the analysis of a related party group under paragraph 17, which might also require a quantitative assessment on reconsideration.

We recommend that the Board consider requiring an enterprise with a significant interest or involvement with an entity to reconsider whether or not that entity is a variable interest entity when an identifiable event occurs that could change the entity's status as a voting or variable interest entity. Similarly, a reporting enterprise should only reconsider whether it is the primary beneficiary of a variable interest entity when an identifiable event occurs that could change the determination of primary beneficiary. Such events would include, but not be limited to, the current list of reconsideration events in paragraphs 7 and 15 of Interpretation 46(R). We support the proposed elimination of the exception to reconsideration for troubled debt restructuring. However, for practicability reasons, we recommend that reconsideration not be required solely because of operating income or losses, although the effects of operations should be considered whenever an identifiable reconsideration event occurs.

Question 7. Do you believe that any exceptions to this proposed Statement should be made for private or not-for-profit entities? If so, please articulate the conceptual basis and reasons for the exceptions.

Private entities

We do not support providing a blanket exception to the application of Interpretation 46(R) to private entities or by private enterprises. Our concerns with the proposed amendments apply to public and nonpublic entities and enterprises.

Not-for-profit organizations

Currently, not-for-profit organizations determine which for-profit and not-for-profit entities to consolidate based on the guidance in Statement of Position 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*, or on similar guidance in the AICPA Audit and Accounting Guide, *Health Care Organizations*, not based on the guidance in Interpretation 46(R). In addition, not-for-profit organizations are not subject to consolidation as variable interest entities unless used by a for-profit entity to circumvent the provisions of Interpretation 46(R).

We do not believe that the FASB should remove the exception for not-for-profit organizations provided in paragraph 4(a) to Interpretation 46(R) as part of this project. The possibility of such an expansion of the scope was not considered in Board meetings leading up to the Exposure Draft, is not included in any of the proposed amendments to Interpretation 46(R), and is not discussed in the proposed Basis for Conclusions for the proposed amendments. Asking one question in the Notice for Recipients is not sufficient due process for such a change.

Many not-for-profit organizations are likely to be unaware of this question because the FASB has not publicized this project or Exposure Draft as relevant to not-for-profit organizations. Furthermore, we question whether such organizations currently understand the concepts underlying Interpretation 46(R), such as variability, variable interests, and subordinated financial support, well enough to consider how they would be applied to the consolidation by and of not-for-profit organizations.

The determination of whether an entity is a variable interest entity under Interpretation 46(R) is based on the sufficiency and characteristics of the entity's "equity investment at risk." However,

according to the definition of a not-for-profit organization in FASB Statement 117, *Financial Statements of Not-for-Profit Organizations*, one of the characteristics that distinguish a not-for-profit organization from a business enterprise is the "absence of ownership interests like those of business enterprises." Therefore, many if not most not-for-profit organizations would likely be variable interest entities subject to consolidation under Interpretation 46(R) rather than under the guidance in SOP 94-3. We believe that the Board has not communicated the nature or extent of the potential change or how it would improve financial reporting by and of not-for-profit organizations in a manner that would encourage or allow not-for-profit organizations and other constituents to provide informed responses to the question in the Notice for Recipients. For example, the proposed implementation guidance in Appendix A of the Exposure Draft does not include any examples to illustrate the application of the proposed guidance to not-for-profit organizations. Furthermore, the Exposure Draft proposes extensive disclosure requirements that appear to be based on an assumption that involvement with a variable interest entity is inherently different and more risky than similar involvements with other entities. It is not clear why these expanded disclosures should be required for not-for-profit organizations solely because they are designed to operate without equity investors.

We believe that the extension of Interpretation 46(R) to not-for-profit organizations should only be addressed as part of a project to reconsider consolidation of and by not-for-profit organizations on a comprehensive basis.

Question 8. Financial statement users indicated that the information disclosed in accordance with Interpretation 46(R) about an enterprise's involvement or involvements with variable interest entities and the associated risks are often insufficient and untimely. Do you believe the disclosure requirements in this proposed Statement address those concerns?

Many of the proposed disclosure requirements in the proposed FASB Staff Position FAS 140-e and FIN 46(R)-e, "Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities," are identical to the requirements in the exposure draft of the proposed Statement to amend Interpretation 46(R). Our comment letter dated October 15, 2008 on the proposed FSP discusses our recommendations that the Board

- Define the term *sponsor.*

- Clarify the criteria for aggregation of disclosures in proposed paragraph 22B. Specifically, we believe the Board should explain whether there is a substantive difference between "material information" and the proposed replacement language: "useful incremental information to financial statement users."

- Eliminate the proposed conditions in footnote 17 to paragraph 23 that would limit the disclosure exception for a primary beneficiary that also holds a majority of the voting interests in the variable interest entity.

- Eliminate the requirement in proposed paragraph 22C(a) to disclose "whether a different assumption or judgment could have reasonably been made that would result in a different

conclusion." We think it would not be appropriate to require an enterprise to "second guess" its financial reporting judgments in the disclosures or to undertake the additional cost and effort to develop such disclosures.

Those recommendations also apply to the Exposure Draft of the proposed Statement. In addition, we recommend that the Board address the following concerns about the proposed disclosure requirements in the Exposure Draft of the proposed Statement:

- We do not support requiring a primary beneficiary to provide the disclosures proposed in paragraph 23(a). (See our response to question 9.) We also do not support requiring the holder of a significant variable interest or sponsor of a variable interest entity to disclose the carrying amount and classification in the enterprise's statement of financial position of the variable interest held. It is not clear why an interest in a variable interest entity should be highlighted by separate disclosure while identical interests in voting interest entities are not.

- Proposed paragraph 23(e) would require the primary beneficiary to disclose the fair value of the consolidated variable interest entity's financial assets and financial liabilities. Because the proposed amendments to Interpretation 46(R) would apply to nonpublic reporting enterprises, we recommend that the exception to fair value disclosures provided under FASB Statement 126, *Exemptions from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities*, also be applied to the disclosures under proposed paragraph 23(e).

- The proposed elimination of the concept of qualifying special purpose entities would impose the extensive disclosure requirements on a passive investor in a formerly qualifying special purpose entity even if the investor has no additional exposures to or involvement with that entity. It is not clear why such investors in formerly qualifying special purpose entities or similar entities should provide the proposed disclosures under Interpretation 46(R), which could imply that any and all investments in a variable interest entity are inherently riskier than an investment in an entity that is not a variable interest entity.

Question 9. Should the elements of a consolidated variable interest entity be required or permitted to be classified separately from other elements in an enterprise's financial statements?

We do not support requiring separate classification of the elements of a variable interest entity in the consolidated financial statements. Many consolidated variable interest entities are functionally similar to other entities that are consolidated as voting interest entities. Classifying the elements of a consolidated variable interest entity separately in the consolidated financial statements could misrepresent the significance of the variable interest entity in relation to the significance of other consolidated subsidiaries that are not variable interest entities.

For the reason cited above, we do not support the proposed requirement in paragraph 23(a) for a primary beneficiary to disclose, on an on-going basis, the carrying amount and classification of a consolidated variable interest entity's assets and liabilities in the consolidated statement of financial position.

Additional comments

Transition, paragraph 6 of the Exposure Draft

We suggest that the transition guidance in paragraph 6 of the Exposure Draft be clarified as indicated: "If an enterprise is required to initially consolidate an entity upon the implementation of this Statement... ."

Proposed Example 7, paragraph A85

Paragraph A85 should identify the third party guarantor as a variable interest holder.

Proposed Example 8, paragraph A91

We recommend that the facts state that Company A and Company B are not related parties under paragraph 16 of Interpretation 46(R).

Proposed paragraph A32(b)

There is a typographical error in proposed paragraph A 32(b): "The oitransaction was marketed... ."

Proposed amendment to paragraph 16 of FSP FIN 46(R) – 6

We question whether the proposed amendment to the effective date provision for FSP FIN 46(R) – 6 correctly reflects the Board's intension. As drafted, the proposed amendment to paragraph 16 of the FSP would require an enterprise to apply the guidance in the FSP prospectively to all entities (including newly created entities) with which that enterprise first becomes involved either

- Beginning the first day of the first reporting period beginning after June 15, 2006, or
- Upon adoption of FASB Statement No. 16X, *Amendments to FASB Interpretation 46(R).*

Therefore, under the amended effective date provision, the FSP would not apply to an entity with which the enterprise first became involved before the first day of the first reporting period beginning after June 15, 2006.

Rather than change any of the currently exiting text in paragraph 16 of the FSP, we suggest that the following be added to the end of that paragraph:

> However, an enterprise shall apply the guidance in this FSP prospectively to all entities with which the enterprise is involved on or after the adoption of FASB Statement No. 16X, *Amendments to FASB Interpretation No. 46(R).* Accordingly, the guidance in this FSP shall be applied in any initial or subsequent assessments required under Interpretation 46(R) as of a date on or after the effective date of Statement 16X.

We appreciate the opportunity to comment on the proposed Statement and would be pleased to discuss our comments with Board members or the FASB staff. If you have any questions, please contact Mark Scoles, Partner, Accounting Principles Consulting Group, at 312.602.8780.

Very truly yours,

/s/ Grant Thornton LLP