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August 8, 2008

Via Email: director@fasb.org

Via U.S. Postal Service

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
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LETTER OF COMMENT NO. 201

Re: Comment on Exposure Draft – Disclosure of Certain Loss Contingencies Amending FAS 5 – File Reference No. 1600-100

Dear Mr. Golden:

Teamster-Affiliated Pension and Benefit funds hold approximately \$100 billion in equity assets. On behalf of the roughly 1.4 million active and 600,000 retired members of the International Brotherhood of Teamsters whose retirement security these assets represent, I submit the following comment on the Financial Accounting Standards Board's (FASB) FAS 5 exposure draft on loss contingencies.

As investors, we rely on FASB to establish and improve standards of financial accounting and reporting that help facilitate our investment decisions, which rely heavily on accurate, comprehensive, and transparent financial information. We are, therefore, pleased that FASB is proposing to expand disclosures about certain loss contingencies to assist users of financial statements in assessing the likelihood, timing, and amount of future cash flows associated with such contingencies. We believe that the changes proposed by the FAS 5 exposure draft *Accounting for Contingencies* are an important step in improving

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disclosure and allowing shareholders to better grasp the risks underlying their investments.

However, we are concerned that the draft's treatment of severe long-term risks deemed "remotely probable" by a company dramatically diminishes the value of the proposed changes. The exposure draft requires disclosure of severe financial threats that a company deems remotely probable only if the issue is expected to be resolved within a year (FAS 5 Exposure Draft Para. 6).

In light of recent economic upheaval and corporate scandals, we do not have confidence in the ability of companies to accurately estimate or report the likelihood of severe financial threats. Thus, we applaud the Board for proposing the disclosure of "remote" loss contingencies that could have a significantly financially disruptive effect on the company (FAS Exposure Draft Para. 6).

However, we believe that the requirements set forth in Paragraph 6(a) and Paragraph 6(b) are arguably inconsistent with one another, and threaten to eviscerate the laudable objective sought by the FASB in proposing Paragraph 6 in the first place. As drafted, Paragraph 6 requires the disclosure of "remote" loss contingencies if such contingencies could have a severe impact on the entity's financial position, but only if such contingencies are "expected to be resolved" in the 12-month "near term."

The term "expected to be resolved" creates a very subjective standard that may be relied upon by companies as a shield for non-disclosure rather than investors as a breath of fresh air. As drafted, a company would not be required to disclose any potentially severe "remote" contingency if the company determines that the contingency is not expected to be resolved within a 12-month period.

A potential loss contingency may arise in a variety of contexts across virtually every industry. It is entirely conceivable – and indeed quite likely – that a contingency that could have a potentially severe financial impact could arise or manifest itself over a far longer period of time than twelve months, and may involve complex issues that require years to resolve.

By limiting disclosure only to contingencies that are expected to be resolved within the next 12 months, however, Paragraph 6 permits the non-disclosure of potentially severe "remote" contingencies that are expected to fester and remain unresolved for longer than the immediate near-term future. Such contingencies are no less significant than those that currently are included in Paragraph 6.

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Accordingly, as drafted, Paragraph 6 does not adequately enable investors to discern the impact of this larger and equally significant category of contingencies. We suggest that Paragraph 6 be revised by, perhaps, simply eliminating Paragraph 6(a) altogether.

We strongly support the Board's decision to require a reporting company to quantify the maximum potential loss in circumstances where it cannot estimate the likely loss (FAS 5 Exposure Draft, Para. 7a). This proposed amendment closes an important loophole in the current rules that has allowed companies to conceal information necessary to assessing the amount of future cash flows associated with certain loss contingencies, and is thus directly aligned with the Board's objective.

We urge the Board to eliminate or further restrict and define the "prejudicial" information non-disclosure exemption to ensure that it remains a rare exception, and retain the proposed requirement that filers must in any event quantify their liabilities even if other information does qualify for the prejudicial exemption (FAS 5 Exposure Draft, Para. 11). We fear that without further restriction, the prejudicial non-disclosure exemption could be aggressively exploited by companies, allowing them to continue to conceal the very quantitative and qualitative information that the proposed FAS 5 exposure draft seeks to make available.

Thank you for the opportunity to present our views on this important matter. If we can be of further assistance, please do not hesitate to contact Jamie Carroll, Project Manager, International Brotherhood of Teamsters, Capital Strategies Department, at (202) 624-8990 or jcarroll@teamster.org.

Sincerely,



James P. Hoffa
General President

JPH/jc