



LETTER OF COMMENT NO. 12

January 28, 2008

Ms. Teresa Polley
Chief Operating Officer
Financial Accounting Foundation
401 Merritt 7
Norwalk, CT 06856-5116

Dear Ms. Polley:

I appreciate the opportunity to respond to some of the issues raised in the "Request for Comments on Proposed Changes to Oversight, Structure, and Operation of the FAF, FASB, and GASB."

Trustees Issues

First and foremost, FAF Trustees should be committed to independent standard setting and to their role of oversight of the FASB. The perception in most of the world is that the real oversight of the FASB is now conducted by the Securities and Exchange Commission as the Trustee's role in the past two years has been dramatically changed. Actions are necessary to overcome that perception, if it is incorrect, and I certainly hope it is.

The Trustees should establish the best structure to meet an objective of supporting an independent standard setter, including independence from the Securities and Exchange Commission, and if the proposed changes are consistent with that goal, I support them. The Trustee should determine what changes would enhance their effectiveness.

FASB Issues

Agenda-setting authority should not rest with the FASB Chairman or any group other than the full FASB. The proposed change will improve neither the

effectiveness nor the efficiency of the FASB. Indeed, I believe it would make attracting competent Board members much more difficult. I don't know why one would want to serve on a Board with an ostensible majority voting requirement when one Board member, in fact, would have a super-majority vote. If the Chairman disagrees with a six-to-one decision, an issue could be removed from the agenda. That would not facilitate a collegial atmosphere and would only concentrate outside political pressure on one individual to remove undesirable projects from the agenda. One only has to recall issues related to employee stock options to see how real this risk would be.

I am aware of no disagreement that the Board is working on the appropriate major projects. Disagreement is with the narrower issues that the Board constantly finds the need to address. That disagreement can only be resolved by cooperative decisions between all regulators and constituents. Concentrating in one person the FASB participation in that process is not a solution to stated concerns and may inhibit reaching a workable solution.

I also do not believe the Board should have reduced membership from seven to five. It is most inopportune to propose this when pressures have increased on Board members to much more extensively deal with outside constituents. The FASB needs, if anything, more not less resources, at the Board level, to deal with the issues inherent in world-wide convergence.

Board member selection is both a critical and a difficult job. There have been many periods when the Board composition has not been as strong as should be desired. Reducing the size of the Board will only make the selection

decision more critical and inadvertent error in selection far more consequential than it has been with a larger Board.

Thank you for the opportunity of commenting.



James J. Leisenring
Former FASB Board Member