

Quality Since 1947

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Technical Director,
File Reference No. 1860-100
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## To whom it may concern:

I am writing today to express my concern and opposition to two new proposed rules that affect me and my company.

The first is Topic 450, covering "Disclosure of Certain Loss Contingencies". Those of us that are connected with multi-employer pension plans do not like the words "Unfunded Liability", it implies that we have done something wrong or at least been asleep at the wheel. The reality is that in the construction industry, unfunded liability is meaningless unless we plan to stop working as a union contractor and begin as a non-union contractor, as the same continuing entity and refuse to continue to pay the pension benefits of our employees. This is not going to happen. The unions have been very proactive in locking up legally any way that a contractor could use to back out of an agreement, if that was indeed their intention. My company has been in business since 1947, over 63 years. We have always been a union shop and will continue that tradition on into the future.

The burden of now having to indicate on our financial statements some fictitious unfunded liability amount is insane at the least. The only thing that this will accomplish is to create confusion and doubt in those who rely on our credit worthiness to extend us credit and/or bonding. In these economic times this could nail the coffin lid on many healthy, long standing companies and accomplish absolutely nothing. I could understand a footnote saying that "if this contractor was to withdraw from the union collective bargaining agreement and continue operations some unfunded liability maybe incurred". This would help out in the buyer beware issues and would not hamper the contractor from continuing his normal day to day operation.

The second proposal, Topic 715-80, is the "Exposure Draft on Compensation-Retirement Benefits-Multiemployer Plans." This new requirement is in itself almost if not entirely impossible to comply with and is wrong on so many levels. We are a small contractor, employing 50 to 60 people; however we are signatory or participation in at least 5 different defined benefit pension plans. To try and reconcile all of these plans would be cost prohibitive as well as so far out of date







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because of the differing fiscal years that the data would be meaningless. As a union construction employer we hire from the union hall then lay off at job completion, many people who have worked for me have also worked for other union contractors. There is no way to know who is on the plan that has previously worked for me, or if that information was to become available that person could be reported on multiple reports. The picture that is trying to be created would not reveal any information that would help out anyone interested enough to review it. These rules are burdensome and would not give any meaningful information

The bottom line is these plans are covered by ERISA and are closely guarded. There is existing law in place to deal with underfunded issues and those who participate. More requirements are not necessary and will create undue hardship at time when the construction industry is struggling at best. Contractors have been contributing into these plans as requested by the unions as offset wages. We have no liability for the plans as long as they continue to exist and as long as we continue participating. These facts may not be true for other programs so maybe the one size fits all rules are not going to work on all multi-employer pension plans.

I urge you to reconsider these proposed rules and give construction an exemption or at least require simple disclosure of the fact that we are a participation contractor who cannot change operations without potential unfunded liability consequences. Whatever the final rules are I request that you do not require erroneous rules and regulations that do nothing but either drives up the cost of accounting to an unacceptable level or at worst forces long time companies out of business due to a meaningless disclosure.

Respectfully, Danard Electric, Inc.

Michael L Doyle

Michael L Doyle President



