

April 22, 2005

Director, TA&I—FSP
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Letter of Comment No: 1
File Reference: FSPAPB18A
Date Received: 4/25/05

Re: Proposed FASB Staff Position FSP APB 18-a, “Accounting by an Investor for its Proportionate Share of Other Comprehensive Income of an Investee Accounted for under the Equity Method in Accordance with APB Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock, upon a Loss of Significant Influence”

Dear Director:

We appreciate the opportunity to respond to the proposed staff position, FSP APB 18-a. We believe that our recommendations would enhance the clarity of the guidance and avoid an inconsistency from arising within the accounting literature.

We agree with the Staff’s position – that the amounts included in an investor’s accumulated other comprehensive income (AOCI) from applying the equity method should be reversed from AOCI as an adjustment to the investment account balance, and not through current period net income, upon a loss of significant influence.

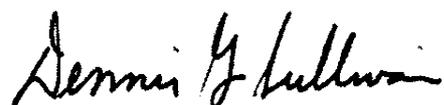
However, we believe the same concept applies to other situations, that should be incorporated into the FSP. As written, for example, the FSP would not guide (except by analogy) a loss of ‘more than minor’ influence in a limited partnership. If the Board agrees, the wording within the FSP should be changed to clarify it applies to situations in which the investor “ceases to apply the equity method”.

Similarly, the FSP should speak to whether similar guidance should apply to deconsolidations upon a loss of a controlling financial interest. Where the investor’s interest following deconsolidation does not require application of the equity method, the investor is in a similar position with regard to ‘stranded’ AOCI.

Financial Accounting Standards Board
April 22, 2005
Page 2 of 2

Finally, we note that APB 18 paragraph 19.1 contains a statement that the proposed FSP seems to contradict – that the investment account should not be adjusted retroactively upon a loss of significant influence. In order to avoid creating an apparent inconsistency in the literature, the Board should amend APB 18 by deleting or modifying that statement.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis G. Sullivan". The signature is written in a cursive style with a large initial "D".

Dennis G. Sullivan