

Letter of Comment No: 67  
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November 26, 2003

TA & I Director  
File Reference Number 1082-300  
Financial Accounting Standards Board  
of the Financial Accounting Foundation  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear FASB Director:

FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46 or the Interpretation) has recently come to my attention. As president of an association of hotel owners – the majority of which are franchised – I find this quite alarming.

As written, it is possible that FIN 46 will impose unnecessary hardship on both franchisees and franchisors. It will make financial reporting significantly more complicated, confusing and harder to interpret.

According to the International Franchise Association (IFA), there are an estimated 1,500 franchisor organizations across the United States with more than 320,000 retail units. The franchise industry contributes more than \$1 trillion to the national economy each year.

The effects on these business owners – many of them small business owners – could prove detrimental. I shudder to imagine the domino effect of small business failure on this scale.

Furthermore, if FIN 46 is implemented on Dec. 15 as is, it will doubtless prove to be a powerful hindrance to franchise expansion. This act could quell franchise expansion and impede a majority of people from becoming entrepreneurs.

I hope you will take into account these concerns and rework the language of FIN 46 before it is implemented. Please protect those who were not meant to be targeted in the first place.

Thank you for your consideration.

Sincerely,

Fred Schwartz  
President  
Asian American Hotel Owners Association (AAHOA)