

Letter of Comment No: 286  
File Reference: 1082-300  
Date Received: 12/01/03

**Stacey Sutay**

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**From:** Rod Vigue [mxracer@dc.rr.com]  
**Sent:** Monday, December 01, 2003 2:16 AM  
**To:** Director - FASB  
**Subject:** File Reference No. 1082-300

Dear TA & I Director,

I am writing you as the Director of Finance for American Leak Detection, Inc., a franchisor.

I believe as written, there is great potential that FIN 46 will impose an unnecessary hardship on franchise businesses, add complexity and confusion to the reporting process and make financial statements less accurate and harder to read.

Each franchise is independently owned and operated. As the franchisor, we have no ownership interest in any of the franchisee assets or any obligation for their liabilities. This would make consolidated financial statements meaningless.

We currently do not collect financial statements from our franchisees, nor do we require them to follow any certain internal controls. I do not believe any of our franchisees have audited financial statements. For American Leak Detection, as a franchisor, to try and consolidated our franchisees financial statements would be a very long and costly process, if not impossible.

The franchise industry is seeking clarification in the instance where the franchisor has no equity ownership and its only interest is the fixed rate royalty fee it receives in connection with the franchise agreement.

Thank you for your time and consideration in this matter.

Sincerely,

Pamela Vigue  
Director of Finance  
American Leak Detection, Inc.