From:

Stacey Sutay

Letter of Comment No: 5
File Reference: 1082-300
Date Received: 1124102

Date Received: 11/24/03

Sent: Monday, November 24, 2003 8:48 AM

To: Stacey Sutay

Subject: FW: File Reference No. 1082-300

----Original Message-----

From: MRossi@Ziebart.com [mailto:MRossi@Ziebart.com]

Sent: Monday, November 24, 2003 6:32 AM

To: Director - FASB

Cc: johng@franchise.org

Subject: File Reference No. 1082-300

Dear Director, TA&I-FSP,

I would like to respectfully submit my comments on FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*.

As a member of the franchise community, Ziebart International operates in the automotive after-market (providing protection and detailing services and installation of car and truck accessories) approximately 27 company owned outlets and has roughly 225 franchisees in North America, including Canada. Additionally, through master franchise agreements, we operate in several countries around the world

The inadvertent affect that FIN 46 may have on our company as well as some of the franchisees in our network would create severe administrative and financial burdens in an already competitive and struggling market. We have experienced a sluggish economy in the past few years and certainly do not need any additional mandated "busy" work. The lack of standardization of financial statements within our network is only one of the challenges that would be faced. The current agreement we have with our franchisees does not allow us to review their financial information. So to obtain the information we would need even to evaluate whether FIN 46

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applies would be burdensome and intermittent. Our administrative staff at the home office has been slashed in reaction to the slowing economy, so this would cause resources to be used unproductively to comply with this mandate rather than growing the business or improving efficiency.

Many of our franchisees are allowed to operate other businesses within their legal entity structures, and as such, would be forced to separate the Ziebart activity into it's own set of books, applying accounting standards as set by us as the franchiser. In addition they would be forced to adopt (and pay) the same auditing firm that we use. This would create severe financial hardships on many of these small enterprises, who are currently struggling to meet obligations incurred to operate their business.

In conclusion, although we understand that the intended target of FIN46 is Enron-type entities, the language of the Interpretation would cause many additional entities to be affected; franchise organizations being one of them. And instead of producing financial statements that are more accurate and informative, we fear in the case of the franchiser/franchisee relationship, they would in fact be misleading and of little use to the readers as they would not reflect an accurate picture of the financial results. We would strongly urge that the FASB heed the request and recommendation of the IFA in deferring the implementation date until a reasonable solution can be reached.

Thank you for taking the time to hear our concerns.

Mary Rossi Ziebart International Phone: 248-588-3771, x3120

Fax: 248-588-0718

email: mrossi@ziebart.com