October 29, 2003

Director, TA&I-FSP
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Subject: Proposed FASB Staff Position No. 150-c.

Dear Directors,

As a member of the AICPA and American Institute of Architects Large Firm Roundtable (AIA LFRT), I am writing this letter to request repeal on the Proposed FASB Staff Position No. 150-c, entitled, **Effective Date and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities of FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity** ("Statement 150"). I am writing as both a member of the AICPA and the CFO of NBBJ, one of the fifth largest architectural firms in the world, headquartered in the United States and represented in the AIA LFRT organization.

NBBJ is a privately owned architecture design firm with clients, offices and operations around the world. Its ownership is comprised of a relatively small number of owners who invest a substantial amount of their personal net worth in the firm to assure its financial stability. The firm was founded in 1943 and currently has less than 20 Partners out of approximately 800 total employees. Upon termination of any of our partners' employment (retirement, death, or otherwise), their equity interests are not repurchased, but they are paid out over time and essentially "considered" to be repurchased by the firm under this pronouncement. Our ownership is small and privately held so we may maintain control over the ownership and the values and culture of NBBJ. It is also critical to ensure NBBJ continues in perpetuity if at all possible. I am very concerned about the implications of Statement 150 on our financial statements, and the ability to effectively explain to our clients and potential clients, financial institutions, vendors, and other users of our financial statements that the application of this new accounting standard will completely eliminate our recorded equity, something we have taken extreme pride in maintaining and the basis on which we have been able to be successful and can continue to be successful.

Therefore, I do not only support **deferral** of Statement 150, but additionally request that the FASB **reconsider the issue** of mandatorily redeemable securities for nonpublic entities.

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I strongly disagree that mandatorily redeemable common shares be considered liabilities and that this pronouncement is as broad reaching as it is proposed. To characterize them as such is a misrepresentation of the substance of our relationship with our partners, and of their residual interests in the success and failure of our firm. Even with a mandatory redemption provision in NBBJ's partnership agreement, our partners exercise ownership control and are subject to ownership risk. This control would even allow them to cancel any contractual redemption provision, for example, if partners did decide to sell or merge the company with a third party. The risks are apparent should the business falter or fail, and this distinguishes the partner from all other obligees.

Assets are resources available to an entity. Liabilities represent claims against those resources. Equity represents the residual interests in those assets assuming the satisfaction of all the claims. Our partners, as common equity holders, are residual interest holders until such time as their cash contributions are paid out, which only occurs at the point when they no longer are a partner (retirement, expelled or death) and the mandatory redemption provisions are effective, regardless of whether the redemption is at fair value, or formula value, or, in our case, book value. When all partner equity holders have the same rights of redemption upon termination, retirement, or death, all will receive only their contributed capital and not an assessed pro rata interest in the entity's net assets. Therefore, they are in the same position as if the redemption requirement did not exist; they are residual interest holders.

In addition to controlling ownership, redemption features in our partnership agreements exist to provide our partners with liquidity that the "public markets" provide for public entities. By eliminating the equity sections of most nonpublic companies, Statement 150 will put nonpublic companies at a competitive disadvantage compared to similar public entities and global competitors not subject to these accounting rules. Nonpublic companies' balance sheets, on their face, will appear insolvent, when all other things being equal and assuming a going concern, there is substantively little difference between public and nonpublic entities. In addition, the partners in our firm, when seeking their own personal financing, will be placed at a competitive disadvantage when they are asked to submit financial statements supporting the valuation of their equity interests in the firm.

I also request the FASB reconsider this accounting change on the basis of cost-benefit for nonpublic companies and the users of their financial statements. Currently, nonpublic entities are required to disclose the redemption provisions in the notes to the financial statements; a practice incorporated, generally accepted and understood in the user community for decades. An alternative would be to carve out an exception to the mandatorily redeemable financial instruments provisions of Statement 150 for nonpublic entity ownership interests, and provide a requirement to include the wording "subject to mandatory redemption" in the equity section of the balance sheet. This would eliminate the non-productive time and expense of having nonpublic companies and their counterparties renegotiate and amend agreements containing covenants or representations related to reported equity.

Finally, while our profession and the AICPA have certainly been called upon to ensure occurrences such as those with the Enron incident may be avoided, I feel this pronouncement has not been given the depth of consideration and the implications it will have on the entire business and banking industry. I cannot even imagine what the major banking institutions will need to do to address this topic in the agreements they have with their clients. The draft is too encompassing without consideration to the depth of its implications. I implore deferral until such time as all may be addressed and particularly in light of today's economic conditions. We should be doing what we may to help foster, not hinder, business opportunities in this country. I want to maintain my pride in being a member of the AICPA.

Thank you for your consideration of the matters. If you have any questions or comments, please feel free to contact me at (206)223-5139.

Sincerely,

Cecile E. Haw

Cecile E. Haw
Partner, Finance Director
Member AICPA