From: Dan Rumbach [mailto:drumbach@dcherald.com]
Sent: Friday, August 29, 2003 3:41 PM
To: Director - FASB
Subject: Comments on Proposed FSP

I am writing in regards to the following:

Proposed FSP FAS 150-b—Accounting for Mandatorily Redeemable Shares Requiring Redemption by Payment of an Amount that Differs from the Book Value of Those Shares, under FASB Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (Comment Deadline: September 27, 2003) I am the co-president of a closely-held S-corp that has 19 shareholders which are all parties to a buy/sell agreement that includes a provision for manditorily redeemable common shares, including the "purchase" price of said shares. The hybrid formula for the purchase price is based on a moving average of an asset value and a market value based on net income.

Assuming my understanding is correct, implementing FASB 150 would have serious adverse consequences to both the asset side of our buy/sell formula (by re-classifying equity to liability) and to the net income side (by treating shareholder distributions on the manditorily redeemable shares as expense).

Our company's obligations under the buy/sell are fully funded by life insurance contracts. Common sense would seem to dictate that if a liability must be recognized for the redeemable shares, then we should also be able to recognize - as a receivable - the face amount of the life insurance (in excess of any cash surrender value already booked as an asset) that covers our liability. Following that same line of thinking, if both the liability and its funding (an asset) are booked, then any return paid to shareholders in the form of S-corp distributions should not be expensed.

I respectfully ask the FASB to reconsider its provisions to FASB 150 and make an exception for fully-funded buy/sell agreements. By requiring an adequately-worded footnote along with the balance-sheet presentation of the asset and liability, any outside users of these financial statements would have full disclosure of the amount of the obligation and its funding.

Thank you for your time.

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