

August 23, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: File Reference Number 1840-100
Exposure Draft of July 20, 2010 on Disclosure of Certain Loss Contingencies

Dear Sir or Madam:

Thank you for this opportunity to comment on the Exposure Draft referred to above. My comments will primarily focus on the effect of the proposed changes to *Codification* Section 450-20-15, Section 715-80-35 and Section 715-80-50, regarding changes to the withdrawal liability disclosure requirements of employers who participate in multiemployer pension plans.

Lindquist LLP is a West Coast certified public accounting firm that audits approximately 200 multiemployer benefit plans, 68 of which are pension plans whose contributing employers could be affected by the new requirements of the Exposure Draft. Our firm has worked in the employee benefit plan area for over 35 years and audited these plans when the concept of withdrawal liability was created by the Multiemployer Pension Plan Amendment Act of 1980.

Effect on Employers Participating in Multiemployer Plans

The wording added to the *Codification* sections referred to above create a potential new disclosure requirement for employers participating in multiemployer plans. Under the exposure draft, all employers would be required to go through the process of evaluating the extent that they would be assessed withdrawal liability from a multiemployer plan that their employees participate in. The process would need to happen even if the employer had no intention of withdrawing.

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Withdrawal liability is not the same type of event that is normally looked upon as a loss contingency. In a loss contingency situation, an event normally has occurred or it is likely to occur that would cause an entity to have its assets impaired or have incurred an obligation. While this may be true in the case of litigation, it is not true in the case of withdrawal liability. Should an employer decide to withdraw from a plan or seriously consider withdrawing from a plan, I agree that the withdrawal liability issue needs to be disclosed and amounts quantified. However, if an employer has no intention of withdrawing, this type of disclosure should not be required. It is meaningless, confusing and potentially damaging to the employer's ability to borrow or obtain bonding (construction industry) if this disclosure is misunderstood.

There is a significant difference between outside events that may have an effect on an employer and a conscious business decision to withdraw from a plan.

With regard to the questions posed in the Exposure Draft, my response to questions 1 and 2 are as follows:

Question 1: Are the proposed disclosures operational?

- A. Withdrawal liability does not exist unless an employer withdraws from a plan. Even then, there are so many exceptions and variables that a withdrawing employer may not even be assessed.
- B. The proposal will require all participating employers to work with the pension plan to determine whether each employer would be assessed a withdrawal liability obligation that would have a severe impact on that employer. Due to the nature of the calculation, the amounts can vary greatly from year-to-year, depending on the market condition of the plan's investments. I believe this could cause misleading disclosures.
- C. While not the primary intent, this proposal will add a cost to administering pension plans. Employers will need to obtain information on withdrawal liability from the plans and in most cases, the plans will need to provide assistance or actually perform the calculation. I'm not sure if the exposure draft considered this cost in its analysis, but it would come at a time when the plans are doing everything possible to reduce costs and maintain participant benefits.

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D. The exposure draft does not address the inherent timing issue with obtaining the information needed to evaluate the potential withdrawal liability. In most cases, the actuaries of the plan will not have completed their withdrawal liability calculations early enough to allow a participating employer sufficient time to analyze their situation. The employers have reporting requirements to banks and the public that would be delayed by the terms of the Exposure Draft. I do understand that the Exposure Draft's wording could be changed to allow the use of the latest available information; but is using year-old information a better disclosure? I don't believe so.

Question 2: Do you believe that the proposed disclosures will enhance and improve the information provided to the financial statement users about the nature, potential magnitude and potential timing (if known) of loss contingency?

Disclosure of withdrawal liability is appropriate in circumstances where there has been an actual withdrawal or the withdrawal is contemplated in the near term (one year, for example). I do not believe that the liability should be disclosed in cases where a business decision has not occurred or even been considered by the employer. Disclosing something that may never occur will only lead to confusion.

Conclusion

The Board (FASB) is planning to release another exposure draft in the near term that will specifically address expanded disclosure requirements for employers participating in multiemployer plans. I believe that the soon-to-be-released exposure draft is the appropriate venue to discuss all potential disclosures in this area. Having guidance in these two areas may lead to conflicts and/or confusion.

I respectfully request that the wording added to *Codification* Section 450-20-15, Section 715-80-35, and Section 715-80-50, with regard to withdrawal liability, be removed. The existing concepts of "probable" and "reasonably possible" allow for disclosure when appropriate.

Thank you for this opportunity and for your consideration.

Sincerely,



Barry T. Omahen
Managing Partner
Lindquist LLP