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October 27, 2010

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

Via email: director@fasb.org

Re: File Reference No. 1860-100
Disclosures about an Employer's Participation in a Multiemployer Plan

Dear Technical Director:

I am writing in regard to the above referenced Exposure Draft of a Proposed Accounting Standards Update (ASU), which was issued on September 1, 2010.

I am a CPA and work as Vice President of Finance for A2MG, Inc., a subcontractor in the commercial construction industry. A2MG has been in business for nearly 50 years and currently participates in several Multiemployer Plans. I am deeply concerned about the disclosure requirements suggested in the Proposed ASU.

At the time of this writing there are 104 comment letters posted to your website, and with the exception of one letter requesting more time before implementation, every letter is adamantly opposed to the new disclosures which would be required by this change to the Accounting Standards Codification. The general theme of the comment letters is that these proposed disclosures would be inaccurate and misleading, would contain outdated and untimely information and would be very costly to produce – both for the employers and the Multiemployer Plans themselves. A lot of very good arguments against these proposed changes have been made so rather than repeating what has already been said, I have some other comments.

The Exposure Draft mentions that “The FASB has received comments from various constituents on the perceived lack of transparency about an employer’s participation in a multiemployer plan.” Also according to the Draft, “Investors have requested more information” about an employer’s involvement in a multiemployer plan. I’m wondering if these comments are mainly in relation to public companies. I have not talked to anyone involved in the construction industry (including those from banks and bonding companies) who feel these changes are a good idea. Where are the comment letters from those that agree with the proposed changes?

If this Proposed ASU is primarily geared toward public companies, or if the FASB is trying to make U.S. GAAP requirements more closely aligned with International Financial Reporting Standards, then privately held companies should be exempt from the requirements. Please consider that the fundamental goal of GAAP reporting should be to provide information relevant to the decision making process of the end user of such financial statements. Formal financial reporting (audit and review reports) for private companies is almost exclusively driven by the need for access to capital and bonding. What research has FASB undertaken to evaluate the need for these changes within the private sector?

Furthermore, in accordance with the Multiemployer Pension Plan Amendments Act of 1980, while Withdrawal Liability can be imposed on employers who cease contributions to multiemployer defined benefit pension plans that have unfunded vested benefits, construction companies are exempt from this rule as long as they don't continue working in the same trade and in the same geographic area after withdrawal from the plan. Construction industry employers should most certainly be exempt from these proposed disclosure requirements, just as they are exempt from the Federal Act.

Comment Letter No. 57, from First NBC Bank, says it best – “Based on our many years of lending to construction industry employers who contribute to multiemployer defined benefit plans, we can assert an unqualified opinion that the FASB proposals are entirely unnecessary for our lending decisions, would be unduly burdensome, and would present the great risk and administrative burden for our clients, with absolutely no corresponding benefit or utility for our lending decisions.” That is a pretty strong statement about how one end user of financial statements feels about the proposed changes.

While a lot of discussion in the comment letters has been focused on the topic of Withdrawal Liability in relation to the proposed changes, I am very much opposed to most of the other additional disclosures which would be required under the new rules as well. Based on the information provided in 715-80-50-1A and 1B, it looks like there will be at least 2 additional pages of footnotes for each plan in which we participate. The cost of producing the required information far exceeds any benefit of providing it to the end users of our financial statements. An example is the requirement to provide expected plan contributions for the next annual period. Unless we are also providing a budget for the next annual period showing all our expected revenue and expenses, I see no possible benefit to disclosing pension contributions. They represent only one small piece of the puzzle. That amount would be a virtually meaningless number when shown by itself. Any fluctuation in expected plan contributions, as compared to previous years, is most likely the result of corresponding fluctuations in payroll and in no way a reflection of an increase or decrease in the actual cost of that item. Why single out pension contributions? Why not require that we disclose our expected cost of Office Supplies for the next year?

The requirement for disclosures about future cash flows arising from an employer's participation in the plan should be recharacterized as “disclosures about *extraordinary* future cash flows” related to participation in the plan. Users should only be concerned with cash flow requirements that are out of the ordinary. Normal contributions to the plan are just another cost of doing business and should not need to be disclosed.

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The stated objective of the proposed amendments within this Exposure Draft is to “enhance the transparency about an employer’s risks and commitments arising from its participation in a multiemployer plan.” I appreciate that goal, but I don’t see how it has been achieved. The proposed changes in this Exposure Draft go way beyond what would be necessary to provide useful information to users of the financial statements. Providing page after page of additional footnote disclosures will only confuse most users (if they read them at all) and does nothing to enhance transparency about the employer’s **risks and commitments**. For example, disclosing Withdrawal Liability when in reality a liability hasn’t been incurred and it isn’t “probable or reasonably possible” that a liability will be incurred, does not enhance transparency about an employer’s risks and commitments. Especially when the amount can’t be reasonably estimated or is based on outdated information.

In conclusion I would like to say that having no experience with financial statements of public companies; I am not qualified to comment on the effectiveness of these proposed changes on them. However, with regard to Private Companies and specifically those in the construction industry, I can say that the disclosure requirements proposed in this Exposure Draft are completely uncalled for, unnecessary and will be harmful to the industry. Please consider that for every one Public Company where these changes might be useful to investors, there are probably thousands of small Privately Held Companies that will be adversely affected. Again, my recommendation is that private companies, or at a minimum construction industry companies, be excluded from these proposed changes.

Thank you for the opportunity to provide comments on this issue.

Sincerely,



Ben Pettus
SVP – Finance
A2MG, Inc.