Construction
Employers' Association

August 19, 2010

Via email: director@fasb.org

Mr. Russell G. Golden
Technical Director
Financial Accounting Standard Board
401 Merritt 7
P. B. Box 5116
Norwalk, CT 06586-5116

Re: File Reference No. 1840-100
Disclosure of Certain Loss Contingencies

Dear Mr. Golden:

The Construction Employers' Association (CEA) is comprised of 110 of the premier unionized contractors (primarily commercial and industrial general contractors) who perform building construction work in Northern California. Our membership base performs billions of dollars in public and private construction volume annually. CEA negotiates and administers the collective bargaining agreements affecting the building contractors performing work in Northern California, including the Carpenters and Laborers Master Agreements, along with the Cement Masons and Operating Engineers Agreements on behalf of its members signatory to such Agreements.

We appreciate this opportunity to comment on the Exposure Draft’s effect on multiemployer pension plans. The proposed amendment to Subtopic 715-80 changes the circumstances under which a company that is a participating employer in a multiemployer plan must recognize liability for a potential withdrawal from the plan. Reporting would be required even if there is only a remote possibility of a withdrawal occurring.

We believe that mandating disclosure of potential withdrawal liability when such withdrawal liability is unlikely to occur will create misleading financial information. Such disclosures will not enhance or improve the information provided to financial statement users about the nature, potential magnitude, and potential timing of withdrawals. Reporting withdrawal liability for employers that have no immediate intent or requirement to withdraw negatively distorts the employers’ financial credibility. Such disclosures will require them to describe contingencies that are remote in nature, and could thereby affect these employers’ ability to obtain bank financing and bonding.

3800 Watt Avenue, Suite 215
Sacramento, CA 95821-2673
Telephone (916) 978-8510
FAX (916) 978-8505

1646 North California Blvd., Suite 500
Walnut Creek, CA 94596-4171
Telephone (925) 930-8184
FAX (925) 930-9014

www.cea-ca.org
For construction industry employers, such as those in our association, predicting such liability becomes even more problematic, since liability is affected by a multitude of varying factors. Attempting to value such contingencies will be speculative at best for employers with no present intent to withdraw, and the ultimate disclosures on audited statements misleading. The current standard is adequate to protect the readers of financial statements and there is no need to change it.

Sincerely,

Michael Walton,
Secretary