February 27, 2009

Technical Director – File Reference No. 1660-100
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

To Whom It May Concern:

We have read the Financial Accounting Series Discussion Paper entitled “Preliminary Views on Revenue Recognition in Contracts with Customers” and have the following questions:

1. How does your proposed model differ from how practitioners are currently recognizing revenue? Please give specific examples.

2. Paragraph 6.47 states, “For instance, entities that at present recognize revenue for construction-type contracts would recognize revenue during construction only if the customer controls the item as it is constructed.” Please give an example of how this model would be applied in practice for a construction contract. How would it differ from how practitioners currently recognize revenue under the percentage-of-completion method of accounting?

3. Please define in real life terms, how your definition of customer “control” differs from the current practice of shipping terms of F.O.B. manufacturer or F.O.B. designation? Do you envision customer control not being dictated by these common shipping terms and if so, what is your real life vision?

We would appreciated answers in writing to the above three questions.

Thank you for your time and consideration.

Sincerely,

Robert W. Ruck

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