October 15, 2003

Letter of Comment No: 49 B
File Reference: 1100-LEU
Date Received: 10/15/03

Mr. Robert Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Dear Chairman Herz:

On behalf of Howard/Stein-Hudson Associates, Inc., which is a member of the American Council of Engineering Companies (ACEC), we would like to express our strong concerns over the impact that Statement of Financial Accounting Standards 150 (FAS 150) will have on the financial standing of my firm and many other non-public engineering firms throughout the country.

As you know, FAS 150 requires non-public companies to classify as liabilities any financial instrument issued in the form of equity that is "mandatorily redeemable". A financial instrument (stock) is "mandatorily redeemable" if it requires the company or entity to buy back the assets at a specific date or time, such as retirement. Since many firms have such arrangements in place where shares are automatically repurchased when a shareholder retires, resigns or dies, the new standard is expected to impact most non-public firms.

Firms must follow FASB's standards to comply with generally accepted accounting principles. Unfortunately, by classifying as *debt* equities held by our shareholders, the affect of the new standard could be to significantly reduce, or even eliminate, the net worth of my firm and many other non-public engineering firms. The revisions to our financial statements as required by FAS 150 will not reflect the firm's real financial condition, yet they will have very dire consequences on our ability to obtain new clients, loans, bonding and insurance.

Mr. Chairman, on behalf of my firm and ACEC, we would respectfully urge you to repeal or modify this standard for non-public, non-SEC registered companies. I would be happy to discuss this matter with you in greater detail. Please contact me at (917) 339-0488, or you may contact Steve Hall, ACEC's Director of Government Affairs, at (202) 347-7474.

Thank you for your consideration.

Sincerely,

Arnold J. Bloch
Principal

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