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To: The Financial Accounting Standards Board

From: Scott J. Iorio (siorio04@providence.edu)

Date: 12/12/02

Re: File Reference 1125-001: Principle-Based Approach to Accounting Standards

I am an investor with an academic background in finance and accounting. In the wake of major changes, which are proposed to alter most aspects of financial accounting and reporting, I am certainly concerned. Since financial statements are the primary basis for investment decisions, investors need reassurance that these statements are true transparent depictions of the company they are researching. Until there is a point when accounting is principle based there will be an added risk premium, which will continue to deter investors and slow the growth of our economy.

I believe that the principle-based approach will leave less room for interpretation and decrease the possibility for unethical accounting. I feel those who are ethical in nature will welcome a principle-based approach. They will be excited to adopt a new set of rules that will force companies to account for transactions the way they should. In the past these ethical companies in many cases had to sit back and watch other unethical companies stock prices skyrocket without true merit.

Even if we adopt this new principle-based approach, it is only as strong as the auditors enforcing it. The more auditing firms become independent from the companies the better the transparency of financial statements will be. The Board needs to be the standard setter. They need to be strict and aggressive in implementing the principle-based approach. This involves massive restructuring in an enormous portion of our economy; however, recent times have proved it a necessary countermeasure. The most important thing now, in the face of an ethical battle, is to go about things correctly. Independence and principle-based standards should be the basis going forward. Principles that ensure relevance and reliability will rejuvenate

investor confidence. Also, these principles would eradicate all of the loopholes for interpretation, which is where the unethical executives seize opportunities at the cost of investors like me.

Thank you for taking the time to weigh the public's opinion on these matters. I would appreciate any follow up information or response regarding this subject.