Letter of Comment No. 27

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## Len Tatore

From: Nicholas de Wolf

Sent: Friday, April 05, 2002 12:24 PM

To: director@fasb.org

Subject: Revenue recognition

Mr. Lucas:

I have written the SEC and the AICPA several times over the last year concerning various accounting scandals. I am concerned and constantly question how this could possibly have occurred. I also constantly question, WHERE WAS THE CPA FIRM?.

I was going write the FASB since I note that the most recent disclosures all pertain to revenue recognition. I saw that the FASB in finally addressing this issue.

As a share holder of many publicly traded companies I am very concerned.

My question again, WHERE WAS THE CPA FIRM.

If it is common sense to me, a non VP of Finance or CPA firm partner, that the SEC was justified in fining and ordering restatements of financial reports because revenue recognized by these corporations should have classified as --phony-. Why didn't the auditing team or partner of the CPA firm see this ??

One simple answer on revenue recognition, classify revenue as:

- 1. revenue from operations (only from those activities that are the real purpose of its business operations)
- 2. revenue from non operations, such as;
- a.) Transfers from retirement funds
- b.) swaps and other similar "creative" financial instruments (which are mere transfers of cash between corporations)
- c.) anything else that cannot be classified or clearly identified what it is.

At least an investor can than make a decision, how much of its revenue and profits are phony.

I was not aware, as a share holder, until just recently, that an income statement is meaningless in its present form.

I believe that the CPA firm's should be fined also for not alerting the FASB about financial statement issues that seriously mislead the investor public. COMMON SENSE tells me that this phony revenue called into question, today, by the SEC should have been, COMMON SENSE, as a question by the CPA firm also. WHY HAVE AN AUDIT anyway.

I am aghast on the number of corporations forced to restate financial statements. Where was the CPA firm??? CPA firms should be fined for negligence!!!!
Nicholas de Wolf