



Forsythe/McArthur Associates, Inc.
A Subsidiary of Forsythe Technology, Inc.
7770 Frontage Road
Skokie, IL 60077

September 10, 2013

Russell Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

Hans Hoogervorst
International Accounting Standards Board
30 Cannon Street
London EC 4M 6XH
United Kingdom

Re: File Reference: No. 2013-270, Exposure Draft: Leases (Topic 842)

Gentlemen:

I appreciate the opportunity to comment on the proposed changes to accounting standards for leases. By way of introduction, Forsythe/McArthur Associates, Inc.(FMA) is a 42 year old leasing company, wholly-owned by Forsythe Technology, Inc. The organization as a whole is a provider of IT Technology solutions to medium to large-sized American businesses. Leasing has been a very important part of our Corporate DNA, as we view it as an enabler of sales for the rest of the company,

I appreciate the difficulty of the task at hand for the Boards. Reconciling two approaches, each with its own merit and methodology has to be an enormous undertaking. I also want to express the position of my Company, which is we err on the side of disclosure and transparency, I differ with the Boards, though, in several key respects.

While I support transparency, I feel that the overall proposal as put forth by the Boards is very complex and difficult to implement for the vast majority of our lessees. Most of the companies that FMA deals with are large multi-national corporations. The primary reasons that they lease are to match the cost and benefit of new equipment acquisition, to match annual IT budgets with expenditures, and to set up a repeatable process for the acquisition of equipment that is predictable and scalable.

The proposed changes strike at the heart of why our clients choose to lease. The proposal skews the expense recognition from straight line to front-loaded, which in and of itself will discourage equipment investment. Our products typically do not bring in revenue, and any increase in expense will be heavily

scrutinized. A retroactive increase in expense will be even less favorably received. Many of our clients have literally thousands of lease schedules on their books, and the costs of determining what they have are not inconsequential. Added to these “phantom” costs are some very real expenses, such as covenant waiver fees, costs relating to portfolio analysis, and reprogramming or acquisition of software to deal with the changes. All of this expense would be incurred not for any productive gain, but to comply with rules that make less sense logically than what we have now.

My recommendation would be to increase disclosure to make sure financial statements are crystal clear as to off-balance sheet obligations, but to leave FAS 13 essentially unchanged. It serves the purpose of simplicity, creating bright lines of demarcation between on and off-balance sheet treatment, it is congruent with the intent of the parties, i.e. to treat the entity with the risk of ownership as owner, and the renter of the asset as just that, and it avoids what I fear will be tens if not hundreds of millions of dollars in wasted expense with no clear benefit to be gained.

I submit these comments with the utmost respect for the gravity of your task and appreciate the opportunity to voice my opinion.

Very Truly Yours,

Gary W. LoMonaco
Forsythe/McArthur Associates, Inc.
Treasurer