

From: Jeffrey Picker  
To: CommentLetters  
Date: 6/20/06  
Subject: File Reference 1310-100: Enhancing the Financial Accounting and Reporting  
Standard-Setting Process for Private Companies

My name is Jeffrey Picker and I have been a CPA since 1969, engaged in public practice from 1969 through 1995 as a partner in two international firms, where my practice focused on small to large sized private business. I have been in private industry (financial services) since 1995. I currently serve as Treasurer and CFO of a financial services for-profit entity which principally consists of a group of property & casualty insurance companies. We issue both Statutory Accounting Principals (SAP) and GAAP financial statements to different users.

I am in favor of a modified set of financial accounting and reporting standards for private companies and have one comment about the draft:

Throughout the draft, the subject entities are referred to as "private companies". In paragraph 14, for the first time in the draft that I could locate, the term "Small Business" appears in both sub paragraphs a. and b. Although I believe the intent of the use of the term "small" is evident from the context, I am concerned that this creates another layer of "non public, for-profit entities" where size becomes an issue.

For example, should size be determined by Total Assets, Total Revenues, Total Equity, number of shareholders or some other defined criteria? Many private companies are large, particularly in the Distribution, Retail and Financial Services/Insurance sectors. Yet, as a private company which issues GAAP statements to its private owners and one prime lender, we are saddled with all GAAP reporting requirements. We also issue SAP statements to our regulators.

I do not believe size should be a significant criteria in the application of this proposed standard.

Using "public" vs. "private" is clear and in most cases, easily defined. This will also allow the SEC to have appropriate influence over public companies while removing the current overlap of SEC based requirements that often become GAAP requirements on private companies.

In response to the five specific questions raised as issues for respondents:

1. Yes, I believe the proposal contained in paragraphs 16-29 will improve the accounting standard-setting process for private companies
2. Yes, I believe that the proposed changes will help ensure that the financial reporting needs of constituents of private companies will be met
3. Yes, I believe that the users of GAAP statements for private companies should be based on the financial statement users, but NOT necessarily on cost-benefit considerations. There will be some GAAP issues that must be consistent regardless of the cost associated (typically highest in the first year).

4. Yes, I concur that the members of the committee should not be compensated beyond reasonable reimbursement of expenses.

5. Yes, I agree that the committee should set its own agenda and priorities, but with input from the business community, financial statement users (e.g. banks and other major users of financial statements) [referred to in the draft, Para. 14 a as SBAC], AICPA and FASB

Thank you for the opportunity to respond.