

From: David Pesce
To: CommentLetters

Gentlemen,

For more than 20 years I have been a Surety Bond Underwriter, and have relied heavily upon the financial reporting for private companies on a daily basis. Further, for the past 2 years I have represented the Surety Industry as a presenter at the AICPA Construction Industry Conference. In my presentations I have specifically addressed our industries expectations on financial reporting to support clients bonding needs and enhance their ability to obtain bonding. The issue of financial accounting and reporting has always been an issue in the Surety Industry. I fully support the initiative to enhance the standard setting process for private companies.

With regards to the questions for consideration, I offer the following responses:

1. I believe with the proper representation of interested industries on the committee, that the standard setting process will be enhanced.
2. I do believe that this will provide further assurance to the constituents of private companies that our financial reporting requirements will be met. Again, this is provided the committee is properly staffed.
3. I am not sure I agree that GAAP for private companies should way heavily on cost-benefit considerations. My experience has been that the costs associated with accounting services vary dramatically from firm to firm, even within the same geographic region. The competitive environment with the CPA industry will adequately dictate the costs, particularly if the pricing is based on a single set of standards for the requested presentation. As FASB and AICPA have stated in this proposal, the primary users of financial statements of private companies are third parties. There is significant economic benefit to everyone if enhanced accounting standards create improved business environments for these third parties.
4. I agree with FASB and AICPA. I have never been compensated beyond reasonable expenses for the many committees, presentations, speeches, etc. I have given over the years. I would be leery of any committee participant who is "in it for the money" and not more interested in developing enhancements to the long term business environment of their respective industry and for these private companies.
5. I agree that the committee should set its own agenda. A properly staffed committee will be able to come up with an agenda that will create the most benefit for all.

I would be happy to provide any additional information as may be needed.

David Pesce
Assistant Vice President
Berkley Surety Group