I object to the FAF’s Plan to Improve Standard Setting for Private Companies. I sincerely believe that FAF should adopt the recommendations of the Blue Ribbon Panel. I have been a CPA for over forty years and have seen proposal after proposal made only to be shortchanged in some manner by the powers that be to keep private companies hostage to public company reporting. This latest proposal appears to be nothing more than a warmed over rendition of the status quo with fancy new terms but the same old FASB and FASB staff in complete control.

I strongly disagree with the contention that the Blue Ribbon Panel’s recommendations would result in two sets of GAAP. The Panel’s recommendations addressed this issue specifically and the FAF is ignoring those arguments. Following are some of the specific reasons the FAF’s proposal is flawed:

1. The Private Company Standards Improvement Council (PCSIC), except for its FASB member chairman, will be a volunteer group. It’s not clear to me if they will be compensated for their service, but regardless, it does appear that they will continue in their other jobs, whatever they may be. This seems to be problematic:
   a. FASB members will attend the PCSIC meetings. They are full time and direct the FASB staff which will also staff the PCSIC. This combination of full-time and directing staff will undoubtedly dilute the influence of the PCSIC as a whole or any PCSIC member on any deliberations on any issue.
   b. The FASB staff and members will continue to be predominately experienced and concerned about public company accounting issues. The sheer numbers will bias the FASB from meaningful considerations of private company matters.
   c. Since the PCSIC will not have its own staff, as volunteers they will find it difficult to direct staff to perform specific projects, especially any projects which FASB members deem are unnecessary or of lower priority than other FASB projects. Not only will FASB have the final say on standard acceptance, they will effectively have the first say on what will even be considered.

2. The proposal keeps ultimate authority in the FASB and their staff, which to date have shown very little propensity to thoughtfully consider private company accounting issues. There is a real potential for more study and more process, with small hope of ultimate relief for private companies. Having one member of FASB that has some experience with private companies is totally inadequate. Even suggesting that having only one FASB member with that experience is evidence that FAF doesn’t yet appreciate the problems of private companies.

3. This issue has been discussed and re-discussed for years. This new proposal just continues the discussion and delay. The new procedure, if ultimately adopted, also sets out a process that may result in years of additional delay before relief for private companies, if any, is actually realized.

4. This proposal could be read as the establishment of a volunteer group to more or less rubber stamp the recently started FASB efforts to address private company accounting standards on their own.

Please reconsider your recommendation. Follow the Blue Ribbon Panel’s recommendation.

Thank you for your consideration.
Bob Owen, CPA
Managing Director – Regulation and Legislation
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