



HEMMING
MORSE, INC.
CERTIFIED PUBLIC ACCOUNTANTS
LITIGATION & FORENSIC CONSULTANTS

1840-100
Comment Letter No. 312

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September 20, 2010

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06586-5116

Re: File Reference No 1840-100, Disclosure of Certain Loss Contingencies

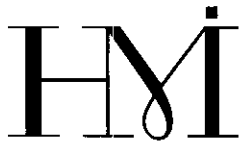
Dear Sir:

Hemming Morse, Inc is a large regional CPA and we specialize in auditing Employee Benefit Plans. We audit over 200 multiemployer benefit trust funds in the United States. These funds are comprised of Pension Plans, Health and Welfare Plans, Legal Services Plans, Apprenticeship Plans and others. We audit over 34 billion dollars in assets and our audit practice is 100% Employee Benefit Plans. In addition I have been a member of the AICPA audit committee and have been on the International Foundation Employee Benefit Plans finance committee.

1. Disclosure and Calculation of Potential Withdrawal Liability for Employers in Multiemployer Pension Plans.

The disclosure of potential withdrawal liability when a employer has not stated that they plan on withdrawing from the Pension Fund goes against the basic accounting rules on disclosing and accruing a potential liability. The accounting rule is basic: if the potential liability is probable then you accrue it and disclose it, if it's possible then you only disclose it, and if it's remote you do nothing. This proposed disclosure of potential withdrawal liability goes directly against the long standing accounting principle of contingent liabilities.

In addition, the whole concept of the withdrawal liability is being missed here. The only way an employer can have withdrawal liability is if the plan is underfunded and the employer decides to withdrawal from the industry. If the employer does not indicate that they are going to withdrawal then there is no liability, as the employer position with the fund is of a going concern.



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In addition, for the sake of argument let's say the liability did have to be disclosed. The cost in trying to determine what the potential liability is (not only for the specific employer's liability but any additional liability for any employers who do not pay their share) is extremely difficult to determine and very time consuming and costly. In addition to that, at the time the calculation has been determined the dollar amount will already be stale. One of the biggest impacts (on not only the calculation of withdrawal liability but even if the fund has any withdrawal liability) is based on interest rates. As we have seen in our current economy the wide swings we have in the interest rates can have a wide ranging effects on the calculation.

By making employers disclose and book a potential liability when they don't intend to withdraw is not only unfair to the employer but it's misleading to the readers of the audited financial statements of the respective employers. There could be other very large side effects by disclosing the withdrawal liability when the employer has no intent of withdrawing from the plan. There is the potential of harming the employer's credit rating, possibility of creating difficulties in obtaining bonding for the employer. In turn also this will also affect future employers from not joining the Pension Plan for them not wanting to disclose and accrue a liability that does not exist. This would be harmful to all pension plans across the country and will definitely impact the negotiations of bringing more employers into these plans.

2. Exemption for Disclosure of Potentially Prejudicial Information

The Exposure draft contained an exemption for disclosing information that could be prejudicial to reporting entities' legal cases. We believe it is critical to provide a specific exemption to disclosing prejudicial information in order to eliminate any confusion or interruptions that could vary widely depending on your point of view.



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3. Summary

We strongly disagree with this exposure draft and how withdrawal liability is suggested to be disclosed. It goes against long established accounting policies and principles, it is unfair to employers who have no intent on withdrawing, and goes against principles of withdrawal liability in and of itself. In addition it will do unjust harm to the respective contributing employers and will harm the future of these pension plans by future potential employers not wanting to join the Pension Plans because of this accounting rule.

In addition, I understand that three of the seven board positions are presently vacant. Based on the seriousness of this exposure draft, it is important that any possible decision should be delayed until the FASB Board has in fact a full board and all of the new board members have the opportunity to review the exposure draft and all comments in detail.

Sincerely,

A handwritten signature in black ink that reads 'Alex Miller'. The signature is written in a cursive, flowing style.

Alex W. Miller
Vice President/Audit Director

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