

Russell G. Golden, Chairman
Financial Accounting Standards Board
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Via email: director@fasb.org

File Reference No. 2016-240 – Exposure Draft, Technical Corrections and Improvements to Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*

Dear Chairman Golden:

As Controllers, Principal Accounting Officers and service providers within the gaming industry who are actively participating in efforts to address the accounting implications of ASU 2014-09, *Revenue from Contracts with Customers*, we felt compelled to express our appreciation for the Board's efforts to improve the authoritative guidance in this often complex and highly rules-based area of accounting. We fully support the Board's efforts to clarify and provide comprehensive guidance covering revenue recognition and appreciate the opportunity to provide feedback on the Exposure Draft "Technical Corrections and Improvements to Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)" issued May 18, 2016 (the "ED").

The worldwide gaming market is estimated to exceed over \$350 Billion from gaming win alone. The total industry size; however, is significantly larger as most gaming entities also provide entertainment and hospitality services in integrated resort casinos. Such facilities typically include gaming offerings, food and beverage outlets, hotel accommodations, convention space, and non-gaming entertainment options.

Our view provided below is focused on Issue 8: Fixed-Odds Wagering in the Casino Industry of the ED, and the affect it will have on the gaming industry.

We support the proposed updates

Revenue for fixed-odds wagering activities (which include table games, certain sporting events, etc.) in which the odds are known at the time of a wager being placed is currently reported in the industry based upon the net amount "won" by the gaming entity as such activities settle.

We believe that such fixed-odds wagering contracts fundamentally meet the definition of Revenue as excerpted from the Glossary of ASU 2014-09 below:

Revenue

Inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

Accordingly, to not account for such transactions under Topic 606 seems inappropriate and appears to be unintended.

We therefore agree with the FASB staff's position as noted in TRG Memo No. 47 and do not believe that it was the FASB's intent to exclude fixed odds wagering contracts from the scope of the new revenue standard. Rather, we believe the FASB's intent was for fixed odds contracts to continue to be accounted for as revenue transactions, with no change from existing practice.

If such activities were to be excluded from the scope of ASC 606 as a result of the removal of previous industry guidance contained in ASC 924-605, and instead be accounted for under Topic 815, the resultant financial statements produced by gaming entities would likely provide less effective disclosure and less transparent information for users of casino financial statements.

We appreciate the responsiveness of the Board in addressing the unintended consequences resulting from the elimination of industry-specific guidance currently contained in ASC 924-605 and we fully support the amendments in the ED as pertaining to Issue 8: Fixed-Odds Wagering in the Casino Industry.

Sincerely,

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