

**From:** THOMAS SPITTERS  
**To:** [Director - FASB](#)  
**Cc:** [THOMAS SPITTERS](#)  
**Subject:** Comment on FASB ASC Topic 810 -- Consolidations and Variable Interest Entities.  
**Date:** Friday, August 11, 2017 9:37:00 AM

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Financial Accounting Standards  
Board  
August 11, 2017  
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Dear Office of the FASB Director :

It does seem the standard – setting agenda of the FASB and its technical considerations continue at present to be dominated by fair value considerations - not necessarily the historical cost and discounted values and returns of old - of which the current topic and subject matter of this letter, common control, variable interest entities and reporting consolidations for public and private companies. Given that these rules consider economic and financial interests and fair values, and their benefit to stakeholders in consolidations, and any resulting capital formation or wealth creation as the result of either changes in control or interests or in reporting entities and the resulting payoff or outcome, it is important that stakeholder values themselves be quantified. This is important in view of the equity method of accounting that is used under the circumstances and that ordinarily has its bright - line threshold for consolidations, and all this vital at the same time given needed thresholds for indirect interests and that of decision – making control of stakeholders as well. Outside the official direction of the business performance of variable interest entities that should have its measurement guidelines for direct and indirect control, and this includes control of the entity’s economic performance and the obligation of the decision – maker stakeholder(s) to absorb variable interest entity losses, the direct and indirect, proportionate interest guidelines or rules should be tiered also insofar as variable interest entity combinations are concerned in order to properly address questions of economic scale of the subject variable interest entities. The grading (as rungs on a stepladder) of the treatment of VIE’s for purposes of decision - maker stakeholder control, and financial reporting is possible by quantifying the absolute or proportional extent of economic and other control of the decision – maker over the performance of the entity. One might develop a technical approach to determining entity – level control of decision – making stakeholders, direct and indirect, that uses a scale to measure the weight of management, operations, financial, econometric, and other areas of stakeholder control, including those of related parties that combined with computing power to simplify computations produces a measurement that could then be tiered. This is possible for private and public companies alike and would address questions of control and economic performance of entities controlled directly or indirectly by decision – makers only.

What is shown above for direct control and common control measurements and economic performance, and for proportionate direct control through asset or equity value measurements, might also be implemented for indirect control considerations of the entities being measured, reported on and examined. For both direct and indirect decision – making stakeholders’ control measurements, federal tax loss disallowance rules should be subject to some interpretation again through the Topic 810 FASB consolidation rules as what is common control or indirect control financially and any resulting losses in the world of accounting, finance, and economics can be disallowed for tax purposes (some of the old IRS consolidated loss rules are a case in point here). The current narrator is presently, and with respect to the current economic and accounting theme here, greatly in observance of the disappearance of the old notions of value and of historical cost that controlled many transactions and reports since some time ago, and that have now credence to international accounting styles that do not emphasize the resultant capital and wealth formation in their accounting identities given the issues at hand. This patent relegating of the role of capital, actually a very scarce and extremely valuable commodity, to one secondary and behind those of the value of flows of currency and its equivalents does indeed invite issues of properly measuring and recording fair value and thus the comments here. Your reply is invited and even in the public forum as to bona fide accounting standards as same apply to these new monetary registers of economic control and economic power that lack substantive and credible financial weight, it does seem, given that accounting records as its mission in the end not just the economic activity and power of commerce and industry, but in plain language, and prospectively also the future benefits of these and the financial and economic benefits and burdens to stakeholders of their savings and investments.

Sincerely,

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Confidentially sent from Mail for Windows 10. Please pardon typographical errors.