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OFFICE OF
THE CHIEF ACCOUNTANT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 15, 1988

Mr. Rholan E. Larson
President, Board of Trustees
Financial Accounting Foundation
High Ridge Park
Stamford, Connecticut 06905

Dear Mr. Larson:

As you know, some of the accounting standards issued recently by the Financial Accounting Standards Board (the "Board") have met with much displeasure in certain areas of the preparer community. Even though there is widespread and well documented support from most members of the Board's constituency, some are clearly dissatisfied. Recently I have become aware of expressions made by some preparer representatives that might be interpreted as an effort to reduce the actual or apparent independence of the financial accounting standards setting process. I view such expressions as very disturbing and counterproductive.

Because the integrity of the standard setting process depends on its openness, it is imperative that all affected constituents, including those who are most constrained by its pronouncements, continue to be encouraged to express both their support and misgivings fully. However, I am sure that you will agree that the Board of Trustees, as part of its mission, can not allow those expressions to be translated into actions which impede (or appear to impede) the development of credible standards. Indeed, an open and informed standard setting process is of vital interest to the Securities & Exchange Commission and the investing public, and we share, through our oversight role, a public responsibility in the protection of that mechanism.

In light of our mutual responsibility, interest, and commitment, the Board of Trustees should be assured that any threat to the integrity of standard setting in the private sector is of great concern to this Office. We believe firmly that maintenance of the principle of full and open participation is in the best interests of every constituency of the Board. In that regard, we are ready to assist you in ensuring that the standard setting activities remain, and appear to remain, independent from undue influence.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Edmund Coulson".

Edmund Coulson
Chief Accountant

cc: Mr. Dennis Beresford
Chairman, Financial Accounting Standards Board