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File Number 4-6000-Commission Statement in Support of Convergence and Global Accounting Standards

July 28, 2011

Mr. James L. Kroeker
Chief Accountant
Office of the Chief Accountant
Securities and Exchange Commission
100 F Street, N. E.
Washington, D. C. 20549-1090

Dear Jim:

You and your staff are to be congratulated for the fine work concerning the “Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U. S. Issuers”. Also, I was pleased that the SEC had a roundtable concerning this important subject.

The work plan is well thought out and prioritizes a framework and presents an excellent approach to explore a possible method of incorporation for IFRS into US GAAP.

The following are my comments concerning certain aspects of the work plan. In general, the work plan is a very feasible and presents a practical approach to incorporate IFRS into US GAAP.

1. The SEC should have FASB adopt standards as issued by the IASB. This same concept is embedded in the lifting of the reconciliations from IFRS to US GAAP by foreign private issuers in July, 2007. In that release (33-8879), IFRS was accepted by the SEC in the filings only if the IFRS was in English and as promulgated by the IASB.
2. Modifications and carve-outs should be allowed only in rare circumstances and only be done by the SEC. FASB should not have the authority for modifications but should recommend to the SEC any necessary justification for the modification.
3. A transitional period is necessary as experienced by many other countries which have adopted IFRS. I believe a transition period of five years is adequate for registrants to adopt IFRS. Consideration could be given to small registrants with a public float of less than \$75 million to defer adopting for a period of two years after the transition period for all other registrants. Most likely in five years or more, there should be little or no

differences between US GAAP and IFRS. Even if there are differences, I believe that such differences would not be material to the financial statements. Convergence of the standards must continue until there is a single, high quality global accounting standard.

4. The role of the FASB in the United States is very important. FASB should be retained as the standard setter to provide a legal entity which incorporates IFRS into US GAAP. This continuation of FASB and US GAAP, after incorporation of IFRS, will relieve the problem of changing laws, regulations, contracts, agreements, etc. to conform to IFRS standards. Also, FASB could serve as a satellite office of the IASB in the United States with staff developing IFRS standards, guidance, interpretations, etc.

Consideration should be given to having FASB be the private sector accounting standard setter. However, I believe that this responsibility should follow and be the same as the IASB SME standards.

FASB would be an excellent vehicle to become the educational resource for U.S. constituents and also for the academic world which will need to become more involved than they are now.

The work plan illustrates many of the specific ways which FASB could participate which I agree with.

5. Concerning the role of the SEC, the work plan clearly states the importance of monitoring the standard-setting process including FASB's role in the process. The monitoring can be accomplished by the SEC as a member of the Monitoring Board. Also, just as important, representation on the IFRS Foundation Board and the IASB Board is a necessity. The SEC needs to continue to exert a major influence on the setting of international accounting standards and oversight of the IASB. Also, the SEC must take a leadership role in the funding of the IFRS Foundation. This can be accomplished thru the existing accounting fee which funds FASB now. Under IFRS, the SEC will be able to protect investors just as they are doing now.

The SEC needs to continue the implementation of XBRL in its filings. Also, the SEC should assist with the development of IFRS XBRL. Upon incorporation of IFRS into US GAAP, the availability of using IFRS XBRL will be a valuable tool for investors worldwide.

6. IV Transition Element

In my opinion, the combination of using the Endorsement Approach and the Convergence Approach will work. During a five year transition period, full replacement of the content of existing US GAAP with the content of IFRS is very feasible because the differences after the current MoU will not be significant.

When the Commission decides to pursue the framework of convergence, FASB needs to draft and execute an implementation program in consultation with the SEC staff.

MoU Projects (Category 1)—All MoU projects should continue beyond 2011 and new projects should be added when the original projects are completed. Regarding implementation efforts for the converged standards, implementation should be the same effective date and transition provisions specified in each standard. However, guidance could be given, if necessary, as to the implementation. A new MoU should be continued on an evergreen basis until the SEC adopts IFRS.

IFRSs Subject to Standard Setting (Category 2)-FASB needs to participate in the IASB standard-setting process. Furthermore, FASB needs to facilitate the individual IFRSs into US GAAP via the codification process. RECOMMENDATION-One or two FASB board members should sit on the IASB board to help the integration and facilitation process. RECOMMENDATION-FASB could provide full time staff, as necessary, on a loan basis now to accomplish the facilitation process. Also, there could be an exchange of staff between FASB and IASB to integrate the IFRS process, thinking, philosophies, communications, etc.

IFRSs Not Subject to Standards Setting (Category 3)-The examples used in this section are excellent to explain what could be accomplished in detail. Regarding componentization of property plant and equipment, I believe that many companies use this method for tax purposes. In any case, incorporating IFRS should be done on a prospective basis when IAS 16 is incorporated. This prospective basis approach should be made available to all IFRSs in Category 3.

7. V. Benefits and Risks

A date certain is absolute necessary so the U.S. issuers can start planning the incorporation of IFRS.

Some multi-national U.S. issuers will want to have the option to move to IFRS using a big-bang approach. Also, many U.S. multi-national companies and wholly owned foreign subsidiaries should be able to early adopt IFRS. All U.S. issuers should have this option. Furthermore, IAS 1 should be used to disclose the differences of incorporation in the first year only.

The SEC needs to have the final authority on any U. S. modifications to IFRS in evaluating overall benefits to investors. Investors use many factors and criteria in making an investment decisions. Financial statements are just one of these many factors. U.S. GAAP needs to be retained after incorporation of IFRSs for the statutory basis of financial reporting. This approach, as mentioned earlier, resolves the many legal problems and unnecessary costs concerning references to the use of U.S. GAAP.

All regulators should be required to use the statutory basis of U.S. GAAP after incorporation of IFRS.

The SEC staff has the necessary experience and knowledge since 2007 concerning the quality and application of the IFRS used by foreign private issuers in their filings.

8. SUMMARY

Since 1981, the SEC has advocated a single, high quality global accounting standard.

The U.S. economy is no longer a closed system. There is a global market of investors of many kinds. Also, the global market is becoming increasingly complex and dynamic. If the SEC would incorporate IFRS into U.S. GAAP, then global investors would have better comparability of financial statements to invest in U. S. companies. Furthermore, a global IFRS standard will assist in a better allocation of capital and ensure a more efficient global capital market to lower the cost of capital for U. S. companies. Just as important U. S. investors will be better able to understand investment opportunities outside of the U. S.

U. S. multi-national companies must have access on a competitive basis to the global market of investors and foreign investors can be attracted only if the SEC incorporates IFRS into U.S. GAAP to avoid an expensive conversion of U. S. financial statements.

The SEC needs to incorporate IFRS into U.S. GAAP this year. The SEC must take a leadership role to ensure a single, high quality global accounting standard exist for all investors in the world. The United States no longer dominates the global capital markets as evidence recently by the acquisition of the NYSE by Deutsche Boerse AG. US companies need to have access to world capital markets with financial statements that are in IFRS format.

I would be pleased to discuss my comments with you and your staff and any other matters concerning the incorporation of IFRS into US GAAP.

Simply put, the future for issuers, and investors and the global capital markets is IFRS.

Sincerely,

Conrad W. Hewitt

Immediate Past Chief Accountant, Securities and Exchange Commission

CC: Chairman M. Shapiro
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Commissioner T. Paredes
Deputy Chief Accountant P. Beswick
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