



August 10, 2006

Financial Accounting Standards Board
American Institute of Certified Public Accountants

Via Email to CommentLetters@pcfr.org

Re: Enhancing the Financial Accounting and Reporting Standard-Setting Process for
Private Companies

Ladies and Gentlemen:

LNR Property Holdings, Ltd. appreciates the opportunity to comment on the Joint Proposal by the Financial Accounting Standards Board (“FASB”) and the American Institute of Certified Public Accountants (“AICPA”), *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies*. We support the efforts to enhance the value, transparency, and cost effectiveness of financial reporting for private companies and believe that the establishment of an independent committee to represent private company constituents would offer a much-needed benefit to many private companies.

The FASB and the AICPA have asked for comments on certain aspects of the proposal which include: (i) improvement of the accounting standard-setting process for private companies, (ii) ensuring that the financial reporting needs of the constituents of private companies are met, (iii) consideration of the cost-benefit and financial statement user needs in determining differences in generally accepted accounting principles, (iv) compensation of an independent committee, and (v) the ability of the committee to set its own agenda and priorities. We would like to offer some observations related to these proposals that the FASB and AICPA might want to consider as it continues deliberations. We have highlighted these observations below.

1. Do you believe the proposal contained in paragraphs 16-29 will improve the accounting standard-setting process for private companies?

Yes. We believe it is important to establish procedures that improve the process for receiving quality input from constituents in order to ensure that the financial reporting needs of constituents of private companies are adequately addressed. To have an autonomous committee with clear goals and objectives promoting constituent input in the standard-setting process is key in helping to achieve this objective.

2. Specific to paragraphs 16-29 do you believe that the proposed changes will help ensure that the financial reporting needs of constituents of private companies are met?

Yes. We believe that a well-diversified committee with broad experiences in financial accounting and reporting will ensure equal representation of the significant constituent groups affected and is integral to the success of this proposal. In addition, the assignment of staff members with private company financial accounting and reporting experience to these projects will help ensure that the FASB has adequate resources to address the various aspects of this proposal.

3. The FASB and the AICPA believe that any differences in generally accepted accounting principles for private companies should be based on financial statement user needs and cost-benefit considerations. Do you agree?

Yes. The end users of public company and private company financial statements often differ. A public company issues financial statements to satisfy many requirements, some of which include requirements of the Securities and Exchange Commission, banking institutions, shareholders, rating agencies and other regulatory bodies. Private company financial statement end-users are often banking institutions. Since the end users are different, the content of the financial statements should be considered in order to meet the decision making needs of these end users. Further, cost-benefit considerations should be taken into account when determining the usefulness of those financial statements. Having said that, we do not support a separate set of accounting principles for private companies, nor do we believe that similar economic transactions and events should be recognized or measured differently just because an entity is private. While consideration should be given to the users of the financial statements and the cost-benefit of extensive disclosure requirements, accounting principles governing the recognition and measurement of transactions should not differ between private and public constituents. The International Accounting Standards Board and the FASB have spent a considerable amount of time and effort to converge international and US accounting rules in an effort to minimize diversity in recognition and measurement. To attempt to create a new set of standards for private companies would contradict everything this long-term project was designed to achieve and would simply proliferate the confusion inherent in the existence of a different set of standards. If the proposed committee is established, we believe its primary focus should be to address differences in current disclosure requirements as well as the transition and effective dates for new rules applicable to private companies.

4. The FASB and the AICPA believe that members of the committee (except the chair) should not be compensated beyond a reasonable reimbursement of expenses. Do you agree?

No. We believe that in order to recruit the most qualified professionals and receive the highest quality service, a reasonable compensation should be offered.

5. The FASB and the AICPA believe the committee should set its own agenda and priorities. Do you agree?

Yes. We believe that the committee, with extensive input from its constituents, should be able to set its own agenda and priorities. This ability is critical to the committee's achievement of its mission and objectives.

Respectfully submitted,

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