

CLIENT ALERT

More Disclosure Proposed -- And Not By The Government

Jul.23.2008

The Financial Accounting Standards Board (FASB) has proposed substantial changes to Financial Accounting Standard 5 concerning accruals for "loss contingencies" and disclosure, including enhanced requirements to estimate the value of such claims and new requirements to make "qualitative" disclosures about their merits (http://www.fasb.org/draft/ed_contingencies.pdf). If adopted, the proposed changes, on which comments are due on August 8, would create serious problems for all companies subject to the FASB rules, including the scope and detail of required disclosure, calculation of potential damages, and protecting the attorney-client privilege, but there will be special problems for Government contractors about disclosure of audit reports, Government investigations, and other unasserted claims where the potential for recovery is anything other than "remote."

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

Brian C. Elmer

Retired Partner – Washington, D.C.

Email: belmer@crowellretiredpartners.com