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To: Director - FASB <director@fasb.org>
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My comments are focused on Sections 2 and 3 and are mainly to to ask the Board to clarify the terms "goodwill" and "intangible asset." I am often involved in litigation where CPA's use the term "goodwill" when the term "intangible assets" would be more appropriate.

The concept of goodwill is vitally important to my work as a certified valuation analyst, so I took great interest in the statement, "The Board is aware of and understands the conceptual debate on what goodwill represents," (pg. 6) and the question also posed on page 6 of the ITC, "What is goodwill, or in your experience what does goodwill mainly represent?"

In my experience, goodwill represents the likelihood that customers are attracted to and will return to the business.

The International Glossary of Business Valuation Terms (accessible here) defines goodwill as:

that intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified.

The same glossary defines intangible assets as:

nonphysical assets such as franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities, and contracts (as distinguished from physical assets) that grant rights and privileges and have value for the owner.

Please note that these two definitions pay little complement to the conclusions in Statement 141(R), which list some of the main components of goodwill as (a) fair value of the expected synergies and other benefits from combining the entities' net assets and businesses, (b) fair value of the "going concern" element which is the ability of the established business to earn a higher rate of return than if the collection of net assets were acquired separately, and (c) fair values of other net assets that had not been recognized by the acquired entity.

With respect to Section 2, I believe that intangible assets should be valued separately from goodwill, but I am also sensitive to the cost-benefit complaint of small businesses.

Answer to ITC question #14: trademarks, trade names, business location(s), internet domains, customer records/billing (CRM), workforce-in-place, proprietary systems in place from established policies, procedures and protocols, corporate compliance regimes, licenses, NCA's and other restrictive or exclusivity contracts are all important decision-useful information to attorneys, mediators, arbitrators and triers of fact.

Answer to ITC question #15: in my view, the reliability of the measurement of certain recognizable intangible assets is still a work in progress and more years of practice are required. However, any decision by the Board to remove the emphasis on identifiable intangible assets will stunt the growth of the theory in this field.

Answer to ITC question #16: I frequently see trademarks and trade names licensed via franchise agreements and purchases of customer relationship management (CRM) software, regulatory licenses like liquor or other permits, book of business or customer lists, policies and procedures and third party compliance subcontractors.

I am opposed to Section 2, Approach 3 and mainly support Approach 4 as the least problematic alternative. While subsuming certain recognized intangible assets into goodwill may not reduce the usefulness of reported financial information, it certainly perpetuates confusion among both practitioners and the users of financial information. At the very least, any inclusion of intangible assets into goodwill, or the lack of an attempt to separate the two, should be a financial disclosure.

With respect to Section 3, I support both Approach 1 and 2 for greater disclosure of both goodwill and intangible assets. In answer to questions 20 and 22, I do not see that the incremental cost of additional disclosure outweighs benefit. Isn't disclosure widely recognized as the cheapest cop out?

In answer to questions 21 and 23, in order to provide more clarity and reduce confusion among users of financial information, the insertion of language regarding:

- the separate definitions of intangible assets and goodwill, and
- that goodwill is but one intangible asset among many intangible assets, and
- that the terms goodwill and intangible asset should not be used interchangeably, and
- whether and to what extent an attempt was made to identify intangible assets or subsume those intangible assets into the purchase price allocation as "goodwill," and
- if no attempt was made to identify intangible assets, then the amount assigned to goodwill in the purchase price allocation should be given a name other than simply "goodwill," i.e. "PPA Goodwill" or "Intangible assets including goodwill" or other definitive language.

Moreover, before the Board can answer the questions about amortizing goodwill, modifying the goodwill impairment test, modification of recognition in business combinations or extending the private company exception to subsume, it should address the prevailing confusion around the terms "goodwill" and "intangible asset."

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