STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

www.corp.ca.gov

Gray Davis
Governor

Demetrios A. Boutris
California Corporations Commissioner

DATE: January 8, 2003 **RELEASE No. 15-F**

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The purpose of this release is to provide notice of an informal staff opinion issued by the Franchise Rule staff of the Division of Marketing Practices of the Federal Trade Commission (FTC).

This informal staff opinion concludes that only Generally Accepted Accounting Principles of the United States (American GAAP) can be used in the preparation of financial statements under the FTC's Franchise Rule (16 CRF Part 436), unless an independent public accountant licensed or certified by a state of the United States certifies that foreign financial statements satisfy American GAAP and conform to the same format as American GAAP. In reaching this conclusion, the FTC's Franchise Rule staff stressed the need to provide material information to prospective franchisees in a form that can be understood by franchisees and franchise law enforcers.

A copy of this informal opinion issued by the FTC's Franchise Rule staff is available on the Department of Corporations' website at **www.corp.ca.gov**.

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By_____
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