

Via email

LETTER OF COMMENT NO.

March 29, 2007

Technical Director-File reference No. 1520-100 Financial Accounting Standards Board 401 Meritt 7, PO Box 5116 Norwalk, CT 06856

RE: Invitation to Comment: Valuation Guidance for Financial Reporting

Dear Members of the FASB:

1. Is There a Need for Valuation Guidance Specifically for Financial Reporting?

Clearly, there is a need for valuation guidance for financial reporting purposes. However, that guidance should be written in clear and understandable language that is consistent with the specific purpose of the financial reporting purpose. The objective of valuation guidance for financial reporting is to establish consistency and uniformity of preparation that will help to eliminate confusion for the readers of financial reports.

The purpose of valuation guidance for financial reporting is not to replace professional judgment, but to allow trained preparers to consistently apply those rules. The prerequisite is to have Uniform Standards for Valuation Practice that are applicable to and includes valuation for financial reporting purposes.

What is not needed is another set of valuation guidance rules that simply adds to the existing myriad of rules that purport to be applicable for all valuation purposes and can be applied by those trained and those untrained in business valuation.

1(a). Should Valuation Guidance Include Conceptual Valuation Guidance, detailed Implementation Guidance, or a Combination of Both?

The specific purpose of valuation guidance should be to aid the valuator in the preparation of the valuation. Therefore, the guidance should include concepts and detailed guidance that is applicable to specific types of assets or liabilities for particular types of transactions. The valuation guidance's intended purpose should not be to replace professional judgment but rather to aid the valuators in preparing a reasoned supportable valuation position for a particular situation.

1(b). What Should Be the Duration of Any Valuation-Guidance-Setting?

Valuation guidance cannot be set permanently since we all live in a changing world. If valuation guidance is to remain viable for valuators it must keep abreast of

changing financial circumstances and interpretation of financial issues and financial market demand.

2. What Level of Participation Should Existing Appraisal Organizations Have in establishing Valuation Guidance for Financial Reporting?

The existing appraisal organizations must be an integral part of valuation guidance because they represent the credentialed valuators who prepare the valuations. How can valuation guidance be meaningful if the very professionals that prepare valuation reports are not involved in their development? Many times theoretical solutions to problems lack practical application and require input from the intended users (members of the Appraisal organizations) who bring a different perspective.

Meaningful uniform valuation guidance for financial reporting can only be achieved through participation from preparers, auditors, regulators and investors.

A consensus of the appraisal organizations should serve as the lead advisors to the financial reporting standard setter for valuation guidance for financial reporting purposes.

3. What Process Should Be Used for Issuing Valuation Guidance for Financial Reporting?

A separate permanent standard setter could issue valuation guidance under the oversight of the FASB and the SEC. This permanent standard setter should be independent from the FASB and the SEC and be composed of members with an educational background and industry experience in performing valuations. This type of permanent standard setter brings a practical understanding to the difficult task of establishing meaningful conceptual and implementation guidance related to the determination of value in accordance with the applicable measurement attributes.

The FASB in conjunction with the SEC would act as the Oversight Board in an advisory capacity only.

4. Should the Process of Valuation Guidance Be on an International or National?

This question seem to be academic in view of the fact that we exist in a global economy. It is simply a matter of time before the FASB and the IASB conclude that they must converge existing current accounting standards, emerging accounting issues and the issuance of any related implementation guidance. Therefore, any valuation guidance automatically should be on an international basis.

Very truly yours,

Ciro V. Cuono