



LETTER OF COMMENT NO. 8

**Subject:** FW: comment on 99-20**From:** Roche, Darien [mailto:Darien.Roche@morgankeegan.com]**Sent:** Tuesday, December 23, 2008 3:21 PM**To:** Director - FASB**Subject:** comment on 99-20

Dear Sir:

Regarding impairment models for EITF 99-20 and FAS 115...

The model as currently interpreted has in my opinion:

1. *Generated misleading financial reports - essentially liquidation accounting*
2. *Has caused institutions to engage in economically unsound practices simply because they "can't afford" the risk of the bad accounting regulation,*
3. *and has contributed rather significantly to the huge decline in market value of "asset backed securities" - and by this I mean mortgage backed securities and securities backed by home equity, commercial MBS, auto and Credit card receivables, etc.*

Financial Statements that include OTTI using current guidelines have been very misleading, and in my judgement, have called into question the credibility of the FASB. This contributes largely to the overall lack of confidence in the USG and the various regulatory bodies felt today by investors both large and small, and must be addressed asap. I have modeled numerous private label CMO's for clients that MIGHT generate a "loss" in 3-5 years IF the defaults continue at recent high levels (surely not likely as the weak loans default early and the strong loans simply don't default), and IF the homes are actually SOLD at prices equal to 40% of the loan balance (given all the money the fed has pumped into the economy---I am personally more worried about runaway inflation 3 years from now).

Allowing management to use reasonable management judgment based on cash flows not

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likely to be recovered in the near term makes far more sense than today's model.

Thank you for the opportunity to comment.

Sincerely,

Darien Roche

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