



LETTER OF COMMENT NO.

146

To: Adrian Mills; Diane Inzano; Joseph Vernuccio; Kevin Stoklosa; Kristofer Anderson; Mark Trench; Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning

Subject: FW: File Reference: Proposed FSP FAS 157-e

From: Chuck Lodholm [mailto:chucklod@aol.com]

Sent: Friday, March 27, 2009 12:10 PM

To: Director - FASB

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If you don't like the rules, change 'em!

I want to go on record opposing the rule change. This change represents another attempt to essentially lie on the balance sheet, something banks have been doing for years, and is what got us into our current mess. It would allow banks to maintain the fiction of viability when in fact they may be insolvent.

The people who live in the banking world are looking at this with their blinders on. They want us to focus only on the impact on their bottom line, and yet the context is so much wider. If I applied for a loan (well, in the time before this decade, anyway), and I tried to misrepresent my house as worth 50% more than comps in the neighborhood, specifically because I didn't want to put it on the market to find out what it was worth, the bank would have laughed at me and told me to get real. There is no way they would have accepted my evaluation without substantiation. They wouldn't allow me to misrepresent my assets in that fashion. They would have called Foul.

Well, I cry Foul here. Misrepresenting the value of an asset is a lie, no matter what the excuse. I understand the reluctance to have each house in their "toxic assets" bag reassessed to determine its current value. In a fluctuating market, it would be an ongoing process, requiring expenditure of many resources and much money, and the sheer volume alone would make it prohibitive. But be assured that there are statistical ways to determine the value of a large collection of assets by random sampling methods and trend analysis. Therein lies no excuse.

What is really happening here is that the bankers want to continue to hide the true value of their foolish assets from the stockholders, the regulators and the public in general, and continue the practice of lying by omission. I find it not only unacceptable to continue this deceit, but reprehensible that the FASB would look favorably upon it. If our bankers and leaders can't live by the rules, let's find ourselves some new bankers and leaders.

Alan Grayson, US representative from Florida's 8th congressional district, said that this is "representative of exactly the kind of thing that's put us in this position in general...We have people who break every rule in the book and then they think that the answer to their problems is to break more rules. *It's given us some real insight into the human nature and the pathology of the people who have created these problems for America.*" [italics mine]

If bankers are permitted to value their assets with no relation to actual prices, who can trust them at anything? Investors in particular are going to lose confidence in the honesty of their financial reporting and abandon their shares, driving down share prices worse than they already are. Just exactly how is this a solution to anything?

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