

WELLS
FARGO

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Via E-mail

LETTER OF COMMENT NO. 31

Mr. Paul Beswick
Practice Fellow
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1520-100 – Invitation to Comment *Valuation
Guidance for Financial Reporting*

Wells Fargo & Company (Wells Fargo) is a diversified financial services company with over \$486 billion in assets providing banking, insurance, investments, mortgage, and consumer finance services. We appreciate the opportunity to respond to the Board's solicitation for comments related to the need for valuation guidance, the appropriate party to provide this guidance, and the process that should be used to issue valuation guidance for financial reporting.

There are many existing and new standards that require or allow for fair value measurement. In order to comply with these accounting standards, Wells Fargo has gained significant experience in addressing fair value issues. We believe that fair value measurement issues have historically been and should continue to be addressed and resolved by the financial statement preparer community with assistance from valuation subject matters experts (as necessary) and with input and oversight from their independent auditors. Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157) incorporates all of the principles necessary to measure assets and liabilities at fair value. We support the FASB's goal of issuing principles-based accounting standards rather than rules-based standards. We do not believe that there is a need for detailed implementation guidance for financial instruments nor do we believe that a separate valuation group is necessary to address valuation issues. If the FASB chooses to take on a valuation guidance project, any guidance that is issued should be deliberate, thoughtful, principles-based and subject to due process.

Our responses to the FASB's specific questions contained in the Invitation to Comment are as follows:

Mr. Paul Beswick
Financial Accounting Standards Board
April 13, 2007
Page 2

Question 1(a)—Should Valuation Guidance Include Conceptual Valuation Guidance, Detailed Implementation Guidance, or a Combination of Both? We believe, as noted above, that conceptual valuation guidance already exists within the standards and that no detailed implementation guidance is needed. Furthermore, any additional valuation guidance that the FASB considers issuing should be principles-based.

Question 1(b)—What Should Be the Duration of Any Valuation-Guidance-Setting Activities? We do not see the need for either additional valuation guidance or for establishing a valuation guidance body. We believe that any valuation-guidance-setting activities should be deliberate, thoughtful, and limited to addressing the issues that result from the implementation of new standards.

Question 2—What Level of Participation Should Existing Appraisal Organizations Have in Establishing Valuation Guidance for Financial Reporting? As the need arises, we believe that using advisory groups with subject matter experts as resources will result in more useful principles-based guidance than would the establishment of a separate valuation guidance body such as the Derivatives Implementation Group, which resulted in rules-based guidance. The FASB should consult on an “as needed” basis with advisory groups such as appraisal organizations and valuations experts during its process of promulgating new accounting standard or establishing new principles-based valuation guidance.

Question 3—What Process Should Be Used for Issuing Valuation Guidance for Financial Reporting? We believe that the FASB should issue any valuation guidance as an amendment to SFAS No. 157 and this amendment process should be subject to due process.

Question 4—Should the Process of Valuation Guidance Be on an International or National Level? The development of valuation guidance may consider international input, but the focus of any guidance should be for the FASB’s U.S. constituents.

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We appreciate the opportunity to comment on the questions contained in the Board’s Invitation to Comment. I offer my continued support to assist the Staff with this topic. If you have any questions, please contact me at (415) 222-3119.

Sincerely,

/s/ Richard D. Levy

Richard D. Levy
Executive Vice President & Controller