



April 15, 2007

Technical Director – File Reference No. 1520-1
Financial Accounting Standards Board



LETTER OF COMMENT NO. 32

Sent via e-mail: director@fasb.org

The Conference of State Bank Supervisors (CSBS) is pleased to have the opportunity to comment to the Financial Accounting Standards Board (FASB) on Valuation Guidance for Financial Reporting. CSBS is the national organization of state officials responsible for chartering, regulating and supervising the nation's 6,250 state chartered commercial and savings banks and over 400 state-licensed branches and agencies of foreign banks.

While we have serious concerns about the potential for financial statement manipulation with fair value accounting, we believe additional guidance for valuations is needed and would be helpful to the accounting profession and to financial statement users. Based on the expanded use of fair value in GAAP and external auditors' increased reliance on valuation experts, guidance issued in accordance with FASB's due process should enhance consistency and comparability of financial reporting. While the guidance should provide a solid conceptual foundation, we believe that illustrative examples should be included to improve understanding.

As FASB undertakes this effort, we highly encourage FASB to engage the subject matter experts as advisors to provide significant practical expertise to the process. FASB will also need to acquire and retain in-house expertise to better evaluate the input of the subject matter experts, which at times may vary among valuation organizations.

The guidance developed through this process must contemplate the emergence of new issues. We encourage the establishment of a task force chaired by FASB responsible for researching, discussing, and recommending necessary changes as a result of emerging issues.

Guidance can serve as a useful tool to relieve the burdens associated with more complex accounting. FASB should consider the unique needs of small firms when any guidance on fair values is being drafted or issued.

As we move towards greater international convergence, FASB should work with IASB to study various international methodologies of financial valuations. While an international approach should be considered as part of the process, FASB should proceed on a national level to expedite the issuance of guidance.

CONFERENCE OF STATE BANK SUPERVISORS

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Thank you for the opportunity to provide these comments. We look forward to further discussion on this and other topics in the future.

Best personal regards,

A handwritten signature in black ink that reads "Neil Milner". The signature is written in a cursive, flowing style.

Neil Milner
President and CEO