June 13, 2007 Technical Director—File Reference No. 1530-100 Financial Accounting Standards Board



Technical Director,

In my many years in the business community and in my short time representing the people of Kentucky's 53rd district, I've discovered one simple truth: people expect both individuals and organizations to be honest. It is my belief that implementing FASB recommendations will help businesses operate in an open and honest manner that is appropriate to the public.

The current system of allowing financial services companies to use their own methods and techniques in reporting revenue and loss recognition seems flawed on its face, and would even seem to raise ethical concerns. For this reason, I support the findings of the FASB that the financial guaranty industry changes its accounting methods.

By allowing individual companies to use their own non-uniform accounting methods, often times companies provide a revenue analysis that might not accurately reflect the financial health of the company.

For instance, if an insurer inflated their book value, by discounting the risks they face, they would paint too rosy a picture for both investors and for the bond issuers they insure. Due to the Triple-A rating, the market and investors believe that these companies and the bonds they represent are financially very secure. When it is revealed that a company's finances may be incorrect, its Triple-A rating might become suspect, leading to instability in the market.

This can and should be avoided. Financial insurance companies need to be open, ethical, and more transparent. The proposed rule would help insure that. Please follow through on the FASB recommendations.

Sincerely,

James R. Comer

Kentucky State Representative-53rd District