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File Reference: Proposed FSP FAS 157-e

LETTER OF COMMENT NO. 381

To Whom It May Concern:

We are pleased to submit this comment on proposed FSP FAS 157-e to change the valuation procedures for securities that are considered distressed. We have been investing in distressed securities (primarily distressed bonds) for over eighteen years, and have always successfully marked to market our investments through the use of broker quotes from multiple sources. We feel that the use of broker quotes for these types of securities has been and continues to be appropriate because brokers are the most familiar with the supply and demand of a security at any point in time, even when markets may appear to be "inactive."

A strict interpretation of the indicators for an inactive market as outlined in the proposed FSP would appear to mandate our use of alternative methods of valuation under certain circumstances in the future. We do not feel these methods are appropriate for the types of investments in our funds, and we believe that the continued use of broker quotes would give us the most accurate valuations. Therefore, we suggest that the use of alternative valuation methods be optional rather than mandatory when the triggering conditions are present.

Obviously, there are serious issues in today's economy which we assume are the impetus for the proposed change. However, the proposal as currently drafted is too far-reaching in its scope and unintentionally adversely affects investors such as ourselves. Accordingly, we request that the proposal be modified to allow for continued use of broker quotes in determining asset valuations for investors who have traditionally invested primarily in distressed securities, even though the market for a particular security may temporarily appear to be "inactive."

Again, we appreciate the pressure FASB is under to move forward on this proposal. However, the proposal's potentially broad impact requires appropriate further review to ensure there are no unintended consequences that will be difficult to correct in the future.

Sincerely,

George Punam III
President