June 1, 2010

**To: Director- FASB** 

From: David Phelps, dave.phelps@wedbush.com

**RE:** Comment Letter on FASB proposal to "Fair Valued" Loans

Dear Sirs,

The proposal re: "Fair Value" is flawed and should be tabled at this time. There are issues here that negatively affect the banking industry, investors and the general economical well being of the United States.

To force banks to Mark to Market loans is counterproductive to the assets that account for banking revenues. Market Prices for these assets are forward looking. This creates inflated values during times of economic strength and overly negative valuations in times of economic contraction.

The FASB proposal forces losses on the system that are incorrect. The negative impact reduces the ability of banks to lend. By forcing increased capital requirements, this burdens many regional banks so negatively, they are forced into failure.

As the current business cycle is in an upward mode and recovering from the recent recession, the adoption of this proposal is positive. However, weakness in the economic cycle under this proposal will cause capital to fall as banks will significantly reduce lending once again. I understand that FASB's goal is to reduce risk. However, these measures will increase risk due to the cyclicality of the economy.

I urge the FASB to reconsider the negative effect these valuations proposed. The increase volatility will be short term. Unfortunately, the long term effects will be counterproductive to a healthy robust economy.