

American Exchange Bank

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Mr. Russell Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116

File Reference: No. 1810-100 Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

Dear Mr. Golden:

September 14, 2010

Norwalk, CT 06856-5116

As a bank investor I am writing to express my deep concerns and opposition to the portion of the above proposal that requires all financial instruments, including loans, to be marked to market.

I believe the focus on mark to market is not relevant for loans that are not being sold. Additionally, with individualized payment terms, collateralization, and guarantee structures, the vast majority of commercial bank loans have no reliable market in which they could be sold, further calling into question the reliability of using fair value as the basis for financial statements. Even if there were active markets, fair value is not the appropriate measurement for these loans since it does not represent the cash the bank will receive.

As a result of your proposal, bank capital will be affected by market value changes that would rarely be actually realized by banks whose business is to hold the notes it makes to maturity. At the minimum, I recommend a Held to Maturity alternative for loans not expected to be sold in the market, similar to the current treatment of investment securities.

I am very concerned about the costs and resources that will need to be dedicated to produce and audit such valuations. Investors will be paying consultants and auditors significant sums to make estimates that my fellow shareholders and I will do nothing with.

With this in mind, I recommend you to drop your proposal to mark loans to market, as, from my perspective as an investor, it does not improve financial reporting.

Thank you for considering my views. Please feel free to contact me if you would like to discuss my concerns.

Sincerely,

Richard L. Clements

