



LETTER OF COMMENT NO. 11A

-----Original Message-----

From: FANRANGER@aol.com [mailto:FANRANGER@aol.com]  
Sent: Thursday, March 19, 2009 07:48 PM Eastern Standard Time  
To: Robert Herz  
Subject: from Richard Solomon in NY

Mr Herz:

Good evening!

We lat emailed on the subject of tax loss carryforwards for corporations. You were kind enough to answer my email. It was a most helpful response.

I want to help FASB in the current credit crisis. I am a problem solver and my family for 4 generations has a history of helping folks in business solve problems.

It is my point of view that the mark to market rules for banks and financial companies including insurance and other investment bank types need to change. Recognizing the history of mark to market being in the 3 year of life since the current rules were implemented in Nov 2006, and too that FDR came to a conclusion to end mark to market rules in 1938 after 8 years of there being up and running, the financial system and accounting rules need to change for the better of the capitalist system.

I think knowing the mark to market impact of assets is an important measure to continue. However, to address the balance sheet with marking up and or down long lived assets every month or qtr contributes to the volatility and lack of liquidity of these very assets. Most serious is the negative impact that mark to market has on financial leverage of any kind. To look at any major company that has significant and material financial leverage, the negative marking to market of assets will reduce the equity box and increase financial leverage. How does FASB propose in thinking thru this problem expect a company to make a long term commitment to an asset with say 50% leverage in purchase, when after a 50% decline in the value of the asset of say \$100 million at cost and debt of \$50 million leaves the entity with no equity on balance sheet if this were the only asset on the books.?

If its a real estate parcel, with long term leases to A tenants , is it fair to force the mark down of the building because none have traded???????? I say NO

I propose that there are transitional rules to be made that will provide flexibility that needs to be put into place and practice with regard to long lived assets such that the balance sheet impact to sudden shifts in market values of all asset classes provides less than a full court press on survival .

Leaving things alone and ignoring the current problems will lead to no borrower willing to lend.

Our country was created with borrowed money. It needs to be fixed with more borrowed money.

In order for this to happen FASB needs to simplify mark to market and enable stressed balance sheets to get relief asap especially insurance companies of which I own no shares of. For the record I own shares of BAC and WFC. and GE

and JPM. I for sure want for you to understand too that I hedge holdings with call options sold and naked against these positions as well as owning shares of SKF and FAZ 2X and 3 X short ETF's and XLF finance index ETF. My strategies are complicated and open ended. However I want to make sure that you have my disclosure about financial and insurance companies I currently own shares of common stock of. Mine is a more neutral strategy of selling option call premium on all the stocks I own as well as naked call options mostly on out of the money options.

Hope to get a dialogue going with you on this .

I think FASB is a most credible body and should remain as such.....and therefore changes in mark to market rules as with any rule changes need to be thoughtful in creation.

Respectfully

Richard Solomon

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