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Russell G. Golden FASB Technical Director Financial Accounting Standards Board P.O. Box 5116 Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO. 14

Re: Proposed FSP EITF 99-20-a

Dear Mr. Golden:

I am writing in regard to the Proposed FSP EITF 99-20-a, "Amendments to the Impairment and Interest Income Measurement Guidance of EITF Issue No. 99-20." I do not support the issuance of this amendment for the following reasons.

• The existing No. 99-20 impairment model embodies marketplace participant points of view in determining whether or not an impairment exists. The model is consistent with the principles of FASB's Concept Statement No. 7, "Using Cash Flow Information and Present Value in Accounting Measurements," and also with those contained in Statement No. 157, "Fair Value Measurements." The information it provides investors is a faithful representation of current economic values. The impairment model embodied in Statement 115 is far less prescriptive and invokes much more preparer judgment.

This project originated because the banking industry lobbied the SEC for more lenient rules on recognizing losses on some of the worst-faring securities created during the housing boom. Moving to a Statement 115 model will not provide better information to investors than the current impairment model, and in fact, could lead to delayed recognition of impairments.

At a time when the American auditor is facing some of its most serious professional challenges since the early part of this decade, the FASB will hobble them in their dealings with clients by replacing an impairment model that currently works with one that leaves plenty of room for management discretion. Ordinarily, that wouldn't be necessarily wrong - but given the current economic environment and the genesis of this project, it certainly portends a negative outcome regarding the information to be provided to investors.

• I believe the Board has its priorities reversed on this project. If a Level C standard (No. 99-20) produces information more consistently representative of fair values than the Level A standard (Statement 115), then it would seem that there is a problem with Statement 115.

If fair value reporting provides investors with the information they need to make investment decisions, then why should the Board engage in projects that decrease the information provided to investors?

Instead of diluting the information provided to investors by Issue No. 99-20, the Board would do better by investors whom it is ostensibly serving, rather than preparers - to study the shortcomings of Statement 115. In fact, the whole idea of "other than temporary impairments" should be reconsidered through the expansion of fair value accounting for financial instruments. If full fair value accounting for financial instruments existed, there would be no need for artificial categorizations like "held-to-maturity" and "available-for-sale" securities - and no need for other-than-temporary impairment testing.

¹ See the letter from the American Bankers Association to SEC chief accountant Conrad Hewitt, dated September 11, 2008 at http://www.aba.com/aba/documents/winnews/Accounting OTTIPaper 091208.pdf

• The Board has engaged in a mere facade of a due process. An 11-day comment period for a project with this much potential reporting impact like this one is a mere sham.

Take into account the religious and national holidays during those eleven days and this amendment's due process takes on the trappings of a parody.

At least the Board went through the motions of a due process, unlike the IASCF and the IASB when they amended IAS 39 last October.

In closing, I would like to support the Board in simplifying the accounting literature in trying to remove multiple impairment models and other possible redundancies in the accounting literature. There is that minor benefit to this project, but at too great a cost to investors.

I would support that notion, however, only if the actions taken were more comprehensive and not on a piecemeal basis that serve to benefit one group at the expense of investors.

That concludes my comments. If you have any questions, please don't hesitate to contact me. Best regards.

Sincerely,

Jack Ciesielski

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