Joe Vernuccio

LETTER OF COMMENT NO. 44

From: Director - FASB

Sent: Tuesday, March 24, 2009 10:31 PM

To: Adrian Mills; Diane Inzano; Joe Vernuccio; Kevin Stoklosa; Kristofer Anderson; Mark Trench; Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning

Subject: FW: File Reference: Proposed FSP FAS 157-e.

From: Eric Kottke [mailto:ekottke@gmail.com]
Sent: Tuesday, March 24, 2009 6:46 PM
To: Director - FASB
Subject: File Reference: Proposed FSP FAS 157-e.

Will this proposed FSP meet the project's objective to improve financial reporting by addressing fair value measurement application issues identified by constituents related to determining whether a market is not active and a transaction is not

distressed? Do you believe the amendments to Statement 157 in this proposed FSP are necessary, or do you believe the current requirements in Statement 157 should be retained?

YES retain statement 157

NO. This FSP will not meet the project objective.

This proposal misrepresents true valuation. It seems as if the FASB is under "distress" to change the FAS 157 to conceal the true valuation of an asset at the bequest of the holders of poor performing assets. This proposal clearly favors asset holders who refuse to sell or value their non-performing assets at lower valuations using the "distressed market" as their valuation argument. Markets are distressed for a reason and expected returns rise and fall as price discovery evolves. Just because a seller decides not to sell an asset or continue to hold an asset, does not guarantee the holder the asset will retain its value. A wide bid ask indicates a lack of marketability and requires a discount.

Fair market value is the value a hypothetical reasonable buyer and seller can agree upon.

This proposal is being built around the unequal specifications of an UNREASONABLE seller. It conceals valuation, and undermines the credibility of the public financial reporting system. This proposal should consider asset valuation determinants REGARDLESS of market condition.

This proposal may undermine the entire scope of valuation and distort financial reporting even more resulting in greater damage to investors. Investors will purchase over-priced assets and firm valuations will be overvalued lacking the proper support of true valuation. This valuation and improper disclosure will result in significantly greater volatility and greater risk in the future market place. Will the FASB be required once again to change the standard to accommodate the sellers in the future? When prices rise too much will the FASB change the standard to accommodate the buyer?

The managers and/or holders of the assets of the corporation CANNOT be called upon to use their judgment to determine value; they are biased and lack objectivity. Should values be based on what buyers are *willing* and able to pay for the asset?

If value cannot be determined, an independent valuation expert should be commissioned by the independent auditors and the additional cost passed on to the client.

"Assets are only worth what they can be sold for. Just because the sellers and holders of the asset cannot get their asking price, does not entitle them to change the accounting rules to make it so."

Respectfully submitted,

Eric Kottke