

THE SENECA FALLS SAVINGS BANK

March 24, 2009

Mr. Russell G. Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P. O. Box 5116 Norwalk, CT 06856



LETTER OF COMMENT NO.

154

File Reference: Proposed FSP FSP FAS 157-e

Dear Mr. Golden:

I appreciate the opportunity to comment on the proposed FASB Staff Position No. FSP FAS 157-e, Determining Whether a Market is Not Active and a Transaction is Not Distressed ("proposed FSP #1").

It is unfortunate that the Financial Accounting Standards Board ("FASB") has continued its pursuit of market valuation accounting, or more appropriately, liquidation accounting. The subjectivity of such measurements have never been more evident than in the past eighteen months, where whole nations have been brought to their knees because of the significant changes in market valuations on securities purchased in the "free market." Now, FASB has hopefully begun to realize the mess they have helped to create over the past twenty years. It is my hope that we will begin to see some level of sanity in financial reporting again.

Fortunately, FASB has now responded to pressures from various sources that realize that the current OTTI guidelines are clearly not adequate to ensure fair presentation of financial information. It remains a mystery to me why it has taken FASB this long to respond to an obvious flaw in their application of market value accounting – resulting in reporting that represents unfairly a far more desperate situation than the reality of the situation dictates.

As currently proposed, I am concerned that applying the proposed guidance included in proposed FSP #1 maintains a high degree of subjectivity and a lack of clarity into the determination of whether a market is not active and a transaction is not distressed.

In typical FASB tradition, the following vague guidance is offered in proposed FSP #1:

Paragraph 11: Seven factors are listed "that indicate that a market is not active." However, the guidance also notes that "those factors should not be considered all inclusive because other factors

may also indicate that a market is not active."

Paragraph 12: "After evaluating all factors and considering the significance and relevance of each

factor, the reporting entity shall use its judgment in determining whether the market is

active."

Paragraph 13: Does not quantify how much time is sufficient in referring to "sufficient time before the measurement date to allow for usual and customary marketing activities for the asset."

I am certain that by applying the above guidance, one organization would report no OTTI for a given security while another would report OTTI for that same security.

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The solution is not to attempt to address all the uncertainties in determining whether a market is not active or to list all the factors that may suggest an OTTI. Why not stop the foolishness with attempting to report balance sheets at liquidation values? The FASB guidance proposed will continue to miss the mark of providing fair and comparable information to the financial statement readers. It would seem that simply presenting the historical cost in the balance sheet and disclosing the supposed market value in the footnotes with a detailed explanation of the rationale for not recognizing OTTI would be sufficient. The information presented is comparable, the reader is fully informed of the situation and the issue of OTTI is disclosed.

It is noteworthy that several organizations have already sold securities that incurred supposed OTTI because FASB had not provided adequate guidance that accommodated reality rather than just theory in the mark-to-market accounting pronouncements. These same organizations were faced with probable continued losses on securities in 2009, further deteriorating their financial standing. It is likely that the securities would have been maintained had the proposed guidance (with some modification) been issued more timely, and ultimately, these organizations would not have recorded any security related losses during 2008. The truly unfortunate thing is that a majority of securities sold or still being held are performing according to expectations and the losses are all stemming from a lack of confidence in the system, of which FASB is a major player.

Working at a financial institution, I was able to see the effects of FASB's liquidation accounting theories in practice. FASB's headstrong attitude with regard to liquidation accounting has essentially dried up nearly \$5 trillion in lending capacity at financial institutions with their theoretical approach to presenting financial information that disregards reality. Let's put an end to this charade!

Please do not hesitate to me directly at (315) 568-5855 with any questions.

Sincerely,

Menzo D. Case President & CEO