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April 1, 2009

Mr. Russell G. Gordon Technical Director The Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116



Via Electronic Delivery

File Reference: Proposed FSP FAS 157e

Dear Mr. Gordon,

The purpose of this letter is to provide a formal response and input referencing the FASB staff position paper ("FSP") related to the additional guidance related to FAS 157e. Fair Value Measurements.

1. Is the proposed effective date of interim and annual periods ending after March 15, 2009, operational?

Yes. The effective dates of the interim and annual periods ending after March 15, 2009 appear reasonable.

2. 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. Across many asset classes, with a specific emphasis on credit (MBS, ABS, bank loans, CDO liabilities), the current notion that valuations must be determined based on recent sales prices is untenable. The ability for a buyer/seller to demonstrate that a market is distressed or illiquid is a positive step towards providing greater clarity to the valuation process.

For example, FAS 157 audits focus on year-end 2008 prices. An important factor which currently cannot be applied within the scope of the audit is that the credit markets were effectively "closed" during the final weeks of the year which was evidenced by minimal trading activity. Any quotes which were provided by dealers were often given with wider (10 point) than normal bid-ask spreads

(especially for those securities of lower credit quality). In some cases, dealers were often reluctant to make year-end marks available. Therefore, the application of a distressed or inactive market determination would be helpful in justifying final valuations relative to vendor/broker quotes in the market.

In addition, illiquidity may force an investor, one who is holding a fixed-income security through maturity, to mark down the value of the bond (and incur losses through the profit and loss line of the income statement) even though there has been no discernable credit impairment. Again, the application of an illiquidity factor in the overall valuation equation would provide relief in this specific case.

3. Do you believe the proposed two-step model for determining whether a market is not active and a transaction is not distressed is understandable and operational? If not, please suggest alternative ways to identifying inactive markets and distressed transactions.

Yes, as described in the FSP, the proposed two-step model for determining whether a market is not active and a transaction is not distressed is understandable and operational.

4. Are the factors listed in paragraph 11 of the FSP that indicate that a market is not active appropriate? Please provide any other factors that indicate that a market is not active.

Yes, generally speaking the seven items listed do assist in the determination as to whether a market is not active. One additional factor to consider is the number of broker quotes available for any one security. As described previously, there are instances where specific issuances are underwritten and quoted by only one agent/broker. In this case, one cannot be sure that the price quoted by the agent/broker is accurate or represents fair value. For example, the broker may be long the security and wishing to reduce their exposure, will mark the security lower (i.e., distressed price) in order to attract potential buyers. In another example, the broker/dealer may be long the security and wishing to minimize the mark to market loss for reporting purposes, the broker/dealer may mark the security higher. In these instances, I would argue that securities supported by only one pricing source/broker could be indicative of an inactive market.

5. What costs do you expect to incur if the Board were to issue this proposed FSP in its current form as a final FSP? How could the Board further reduce the costs of applying the requirement of the FSP without reducing the benefits?

I believe the implementation of the FSP should have an immaterial incremental cost impact to the already existing valuation processes undertaken by investors/brokers. That being stated, an investor who does apply the non-active market factor when determining valuation will need to provide adequate support to justify the application.

If you have any questions concerning my comments, please feel free to contact me directly at 213-244-0249.

Yours truly,

Joseph Burschinger

CC:

Michael Cahill David DeVito Richard Villa