



LETTER OF COMMENT NO.

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Subject: FW: File Reference: Proposed FSP 157-f

From: Bloomfield, Micah W. [mailto:mbloomfield@stroock.com]
Sent: Monday, May 18, 2009 10:27 AM
To: Director - FASB
Subject: File Reference: Proposed FSP 157-f

Comment re measuring FMV of liabilities:

Just like debt instruments an entity holds are generally not revalued for accounting purposes if it intends to hold them to maturity, so debt an entity owes should not be revalued unless it intends to attempt to buy it back at less than face. Otherwise, the result is misleading.

As the debt declines in value because the credit of the issuer has declined, the issuer is treated as having earnings! Perhaps that would be OK if ALL its assets were valued at FMV (and it was possible to get a good read on that FMV); but it is very misleading if some of the assets are not valued at FMV (or the measurement of their FMV is less accurate than the measurement of the FMV of the debt).

Generally, it is more helpful to an investor if the entity reports for earnings purposes the book amount of the debt at its face (or amortized issue price in certain circumstances) rather than its FMV, unless the debtor has the intent and ability to buy back some or all of its debt at a lower amount. Please reconsider the situations where you will require FMV of debt to be treated as other than the face amount of the debt.

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