

**From:** [Avidan Martin](#)  
**To:** [Director - FASB](#)  
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Dear Sirs:

I am an investor. From my perspective, the accounting changes proposed by FASB referenced above would turn most bank financial statements into gibberish:

- Recording loans at fair value(FV) is a key element in the asset/liability management process for financial institutions who fund through the use of secured borrowings. The de-linking of the asset and liability sides of the bank balance sheet effectively eliminates the value of this practice. Instead of secured borrowings, banks raise liabilities through market confidence in the banking system, including mandatory deposit insurance but relying as well upon the regulatory oversight framework and the powers vested with various banking regulators.
- On a broader scale, the P & L volatility engendered by a FV accounting treatment of banking assets essentially means that any bank loan which exhibits price volatility for any reason will become prohibitively expensive to the borrower. The absurd example of marking a small business loan up to 105 or down to 95 based upon business seasonality is a simple example of the inappropriateness of this measure.
- Recording liabilities at FV will produce exactly the opposite of the desired effect of accurately describing financial performance; when a company is profitable, it will show a loss due to a tightening of their liability spreads, and vice versa. We see this today in the Monoline insurance company sector, where a quarter of good "earning" really means that the company's perceived creditworthiness has deteriorated. Absurd and nonsensical.

Please consider your mission; promulgating accounting rules which increase transparency of financial statements in order to facilitate analysis and investment. I simply do not understand how anyone could advocate a dogmatic adherence to an inappropriate accounting procedure such as has been proposed. As my father used to say; "the right tool for the job makes all the difference". This is unquestionably the wrong tool.

Thank you in advance for your consideration.

Sincerely,

Martin S. Avidan, CFA  
57 South Road  
Harrison, New York, 10528

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