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Technical Director
File Reference No. 1810-100
FASB
401 Merritt 7
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Dear Financial Accounting Standards Board:

To put it simply, I am dumbfounded by your lack of truly understanding the impact of this proposed statement and the impact it would have on our nation's financial systems and furthermore the negative impact it would have on an already struggling economy. Moving towards fair value accounting for financial instruments does little or nothing in creating value for the users, investors or the underlying companies. Fair value disclosures are already provided in the footnotes to most financials. To understand the focus or anticipated value of this proposed statement is confusing and one can only assume it is geared more towards the personal agenda's of Board members rather than trying to improve financial transparency.

As an example, to apply fair value accounting to a portfolio of loans originated by a bank that the bank intends to hold to maturity and from which it generates its earnings from periodic payments from the borrowers goes against logical thinking and everything I learned about US GAAP. Fair value accounting does not fairly represent an entity's cash flow earnings.

Beyond my disbelief of the contents of this proposed statement is the fact that the cost of implementing such a change would far outweigh any benefits derived, especially for non-public entities. In this "new" economy that we are all just getting introduced to, entities are struggling to be efficient and at the same time grow their revenues while consumer spending is down considerably. Now the Board wants these entities to add personnel to provide the proposed fair value information that in turn would not create any value to most entities? The proposal talked of providing information desired by investors yet everything I have read since then says the investors are not looking for this information nor are they in favor of the proposal. Furthermore, as we all learned

through the last few years, there are a lot of subjective components involved in trying to fair value financial instruments leading to a question as to the comparability of the information between entities and industries.

I would respectfully ask that the Board truly reflect on the exposure draft they put out and read all of the comments I am sure they are going to receive and the nature of those comments. It shouldn't take long for the Board to realize they went too far with this proposal and they need to withdraw the proposed standard. The ramifications of pushing this proposal further will be very detrimental to our nation's financial systems and will only shake investor and consumer confidence. Please reexamine your thoughts and listen to your constituents and do what is right – withdraw the proposal.

Sincerely,

Brad Crain

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