

September 17, 2010

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

File Reference: No. 1810-100, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

My bank is a closely held Subchapter S corporation in Louisiana. I am writing to express my strong opposition to the current proposal to apply fair value accounting to most financial instruments (including loans) on a bank's balance sheet. We generally do not buy assets or liabilities for quick resale. We generate earnings from taking deposits and making and holding loans to maturity. Since we don't intend to sell any loans, and since they are not readily marketable assets, it is not appropriate or useful to apply short-term valuations to these illiquid loan portfolios.

Requiring mark-to-market will likely only serve to create high implementation and ongoing compliance costs, while producing confusing information that is not useful to anyone. The use of mark-to-market will radically change how investors and customers view banking institutions and could also change banking products by driving out products with the greatest fair value risk (i.e. loans with longer-term, fixed interest rates).

Application of mark-to-market will lead to diminished reliability and comparability of bank capital through distorted financial statements, since it will be largely dependent on fair values of assets with no active markets. The injection of this type of unnecessary volatility in financial statements will undoubtedly erode public confidence by presenting confusing information that is not indicative of how the bank is managed. Any bank asset volatility based on accounting treatment will be perceived by the average investor as increased risk.

Thank you for the opportunity to comment on this very important matter. Based on the above, I respectfully request that FASB withdraw the current fair value accounting ("mark-to-market") proposal.

Sincerely,  
Kent J. Guidry