From: Brian Petersen
To: Director - FASB

Subject: To Mr. Russell Golden, File Reference No. 1810-100

Date: Tuesday, September 21, 2010 10:38:13 AM

Mr. Russell Golden Technical Director Financial Accounting Standards Board Norwalk, Connecticut

September 21, 2010

Dear Mr. Golden:

As an investor and shareholder in the Lakeside Bank Holding Company in New Town, North Dakota, I am writing to urge your careful consideration, and ultimately rejection, of the changes proposed in the file noted above, Accounting for Financial Instruments and Accounting for Derivative Instruments, etc.

Sir, at this point the objections must be well-known to you. As an erstwhile accounting major and a longtime businessman the proposal itself now before the Board is startling to me, and troubling, and difficult even to comprehend.

Clearly some of the investment and evaluatory practices in the days and years leading up to the 2008 big bank financial crisis were questionable, if not downright negligent. But it is hard to see how the proposed changes would address a situation like that of 2008, and most importantly, how these changes would be anything but harmful to smaller community banks such as the one with which I am involved.

The mark-to-market evaluations, as I am sure you have heard from other quarters, would be worse than meaningless as regards the bank balance sheet: the spot value of a given loan or financial instrument or hard asset for Lakeside State Bank is practically meaningless in terms of its ongoing value to the bank, as there may or may not be any "spot" market for such an asset on any given day; moreover, pretending that this supposed spot value does have meaning would be misguided and misleading by the bank and for that matter its regulators, also very confusing for the bank customers, and finally extremely harmful to the ongoing enterprise of the bank itself.

Must I mention here the unimaginable expense of these broad-brush appraisals and evaluations, especially for the small community banks in the vast rural areas of the country? They simply don't have the staff or hiring opportunities, or even regional outsourcing possibilities, to generate all these highly speculative valuations; and if they did it would be at such a cost likely to strain the bank beyond capacity.

Might I also point out the impossibility of determining, or simply creating, accurate spot valuations of the kind the proposal demands? The proposal seems like a stricture more likely to produce violations practically ad infinitum rather than any worthwhile informational or regulatory results. At any given moment the assessed "spot value" might or might not have any relationship to its value the next month or week or even the next moment, for that matter. When a mandated "spot value" is attributed to an asset, in good faith and with all due diligence, and then contradicted by an opportunity or event or a regulator—all of which happen in real life——who is to be held responsible for the sudden or gradual change? And won't these kinds of changes happen nearly constantly in relation to this kind of minute, ongoing valuation? Won't someone almost always be liable to criticism or sanction simply for trying to implement the unimplementable?

Sir, these objections are not meant to be dismissive or disparaging of the honorable efforts of the Standards Board. The challenges faced are indeed great and many, and the days ahead will be difficult. But the changes required by No. 1810-100 are profound, sweeping and potentially very, very damaging, especially to the country's many invaluable and indispensable community banks.

Therefore I urge you in the strongest, most respectful terms to deny the proposed changes of No. 1810-100.

Thank you very much,

Brian Petersen

Director, Lakeside Bank Holding Company 1845 Little Bear Ridge Troy, Idaho 83871 208-835-4238