

# BANK OF Winnfield



Winnfield, Louisiana

E. DELANE ADAMS, C.P.A.  
SENIOR VICE-PRESIDENT  
&  
CASHIER

September 27, 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:

As an investor in a Louisiana bank, I am writing to express my strong opposition to the current proposal to apply fair value accounting ("mark-to-market") to most financial instruments (including loans) on a bank's balance sheet. The general business model of the bank I am an investor in is to generate earnings from taking deposits and holding loans to maturity. In other words, my institution is in the business of long-term investing rather than active trading. In light of this fact, it makes sense to apply short-term valuations to illiquid loan portfolios held for the long-term.

The mark-to-market proposal is based on the premise that investors would benefit from such short-term valuation information. However, I strongly disagree with that premise, and recent investor surveys overwhelmingly contradict that premise as well. Requiring mark-to-market will likely only serve to create enormous implementation and ongoing audit costs, while only producing confusing information that is not wanted or needed by bank investors. For example, it is very possible that a bank with excellent cash flow earnings would have to report large losses based on mark-to-market. What is a current or prospective investor to make of this?

As the recent economic crisis taught us yet again, consumer confidence, including investor confidence, is paramount for a healthy economy. Requiring banks like the one I invest in to institute mark-to-market would introduce unnecessary volatility in financial instruments and serve to further undermine consumer confidence and overall economic stability.

I appreciate 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. Thanks for your consideration in this matter.

Sincerely,

E. D. Adams

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