Letter of Comment No: 49 File Reference: 1123-001 Date Received: 9 28 01



September 28, 2001

Mr. Timothy S. Lucas
Director of Research and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: Proposed Project on Disclosure of Information About Intangible
Assets Not Recognized in Financial Statements

Dear Mr. Lucas:

The Financial Institutions Accounting Committee (FIAC) is pleased to have the opportunity to provide you with our comments and observations related to the Proposed Project on Disclosure of Information About Intangible Assets Not Recognized in

Financial Statements.

FIAC is a group of 14 financial professionals working in executive level positions in the thrift and banking industries and is affiliated with the Financial Managers Society. FIAC's primary responsibility is to evaluate those accounting and regulatory matters that affect financial institutions.

We believe that the project should be prioritized by FASB, and that it should be worked on in conjunction with the expected revision of SFAS 141. In addition, the scope of the project should be expanded to include recognition and measurement of certain internally generated intangible assets. We do not believe, however, that the scope of the project should include disclosure about nonfinancial indicators. Disclosures in this area if not already required under SEC guidelines, are being made voluntarily and such disclosures are deemed sufficient. In fact, we believe that the amount and type of disclosures of this type currently made are too oncrous and tend to cause more confusion than clarity to users of financial statements. Lastly, disclosures regarding information of this type should remain voluntary, as consideration needs to be made regarding the competitive nature of information provided on a company by company basis.

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100 West Monroe, Suite 810 Chicago, IL 60603-1919 **Phone:** (312) 578-1300 **Fax:** (312) 578-1308 **Website:** www.fmsinc.org This project is important for several reasons:

- Current accounting guidance regarding treatment of intangibles is inconsistent. SFAS 142 requires
 that companies value and recognize purchased intangibles, but does not allow similar treatment for
 originated intangibles.
- (2) SFAS 142 will require entities to fair value the net assets of a reporting unit to determine if impairment may exit. This will require components such as originated intangibles to be valued. Systems and models exist today to allow companies to value specific types of intangibles which are already required to be separately valued if purchased. We believe that the same amount of due diligence goes into valuing certain originated intangibles, and that recognition should be allowed.
- (3) Since 47% of our balance sheets are in core deposits, and we have demonstrated the ability to value them (models, systems exist to value for purchases), we believe these should be one of those considered for recognition in this project.

In addition to this proposed project being one that FIAC feels very strongly about the need to go forward with, the scope of which should focus on recognition of certain originated intangibles, we believe that one other proposed project deserves mention and equal attention.

The proposed project by the FASB regarding the issue of "Standards Overload" is certainly one that FIAC agrees deserves immediate and significant attention. Suggestions for codification to be revamped, comprehensive guidance to be issued and elimination of older, non relevant guidance are all areas that we would be pleased to have the opportunity to discuss further with the FASB and the staff members.

We appreciate the opportunity to comment on these topics, and look forward to future discussions on these issues.

Respectfully

Richard M. Levy

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Chairman

cc: Zane Blackburn, Office of the Comptroller of the Currency

Timothy J. Stier, Office of Thrift Supervision
Jeffrey P. Mahoney, Financial Accounting Standards Board

Wynne E. Baker, Esstman, Patton & Harrell, PLLC

Arthur W. Lindo, Board of Governors of the Federal Reserve System

Robert F. Storch, Federal Deposit Insurance Corporation

Sydney Garmong, American Institute of Certified Public Accountants

Jennifer Minke-Girard, US Securities and Exchange Commission

Ron Lott, Financial Accounting Standards Board