

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON, D. C. 20551

Letter of Comment No: 4
File Reference: 1123-001
Date Received: 8(3) (7)

DIVISION OF RESEARCH AND STATISTICS

August 31, 2001

Mr. Timothy S. Lucas Director of Research Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856-5116

Dear Mr. Lucas:

Baruch Lev contacted me about the "Proposed Agenda Project on Disclosure of Information About Intangible Assets Not Recognized in Financial Statements." As a research economist I strongly support the proposed intangibles' disclosure agenda item. You should understand, however, this view is my own. It does not necessarily reflect those of the Federal Reserve Board or its staff.

When it comes to intangibles there is a catch-22: investors need information about intangible capital to forecast its value but the reason they don't have the necessary information is that intangibles are hard to value. I'd like to add my voice to the many that call for the FASB to attempt to cut the Gordian knot.

Sincerely,

Jason G. Cummins

Economist