

LETTER OF COMMENT NO. *109*

To: Adrian Mills; Diane Inzano; Joseph Vernuccio; Kevin Stoklosa; Kristofer Anderson; Mark Trench; Meghan Clark; Peter Proestakes; Russell Golden; Vita Martin; Wade Fanning

Subject: FW: File Reference: Proposed FSP FAS 157-e

From: David J. "Josh" Staub [mailto:josh@djoshuastaub.com]

Sent: Thursday, March 26, 2009 7:11 PM

To: Director - FASB

Subject: File Reference: Proposed FSP FAS 157-e

Technical Director:

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With respect to your question #2, I do not think that the proposed FSP will improve financial reporting generally because it does not explicitly address debt and equity investments in unlisted, or non-reporting corporations, joint ventures, and limited partnerships, including closely held investments ("non-trading investments"), such as those commonly held by business development or small business investment companies .

With respect to question #4, I reiterate my contention that the FSP needs to address non-trading investments when establishing that a market is not active. With respect to non-trading investment, the FSP provides no examples or reference. Accordingly, Step 1 of paragraph 11 should list the following as additional factors: availability of price quotations, size of market, size of investment, type of investment, and the availability of credit. For credit, other data needs to be considered as the volume of transactions, and scope of lending during one reporting period as compared to prior periods.

The observable inputs should specify economic, and demographic data in addition to market data so that it plainly includes information from public and private sector sources such as government, and academe. To use unobservable inputs, the FSP should require the reporting entity must state the assumptions that it uses, their basis, and the written authorities and facts relied on so that users of the financial statements can qualitatively assess them.

---josh

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