



LETTER OF COMMENT NO. 4

To: Director - FASB**Subject:** File Reference No. 1520-100

Thank you for soliciting comments regarding valuation guidance for financial reporting. It is a timely and important issue, and I appreciate the opportunity to comment.

1. **Is there a need for valuation guidance specifically for financial reporting?** I believe that separate valuation guidance specifically for financial reporting is not necessary. Some attempt should be made to work with valuation guidance that exists. If written, new guidance would likely make matters more complicated. The most logical response for the FASB would seem to be to adopt existing valuation guidance, or work with an entity that has created valuation guidance to address concerns of the FASB and other capital market participants. From my perspective, the FASB is in a unique position to provide immense value to the market by working with existing valuation guidance, rather than creating its own.
 - a. **Should valuation guidance include conceptual valuation guidance, detailed implementation guidance, or a combination of both?** Valuation guidance should be a combination of conceptual guidance and detailed implementation guidance. Valuation theory is still evolving in some respects and in those matters where valuation theory is not settled, the guidance should focus on conceptual underpinnings. In those matters in which valuation theory is settled, the guidance could indeed be quite detailed.
 - b. **What should be the duration of any valuation-guidance-setting activities?** Because valuation theory is still evolving in some respects, any valuation-guidance-setting activities should recognize that periodic revisions will likely be necessary. Therefore, the process should contemplate periodic reviews of theoretical advancements and valuation practice to assess whether changes to the guidance are necessary.
2. **What level of participation should existing appraisal organizations have in establishing valuation guidance for financial reporting?** The sole purpose for addressing valuation guidance is to improve the information that is utilized by our capital markets. With improved information our capital markets will function more efficiently. The capital markets are large and diverse, and any entity that addresses valuation guidance should reflect that diversity. Existing appraisal organizations should participate fully in establishing valuation guidance for financial reporting, as should preparers, auditors, regulators, investors and others.
3. **What process should be used for issuing valuation guidance for financial reporting?** The answer to this question depends on whether one believes that the FASB should issue its own, separate valuation guidance. Because I believe that the FASB should either adopt existing valuation guidance or work with an entity that has created valuation guidance to address FASB concerns, a unique process should be

developed. I believe that any process should have participation from all aspects of the capital markets to ensure that the resulting guidance provides relevant, reliable and timely information, helping our capital markets function more efficiently.

4. **Should the process of valuation guidance be on an international or national level?** All financial reporting issues, including valuation, are about economics - and economic laws have no borders. The guidance should be on an international level, without question, and the process should include representatives of international capital markets.

I hope that my comments are useful. Please feel free to contact me if necessary.

Thank you, Ron

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